

DAILY REPORT

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PREMIER ZHAO ZIYANG ARRIVES IN NEW YORK 21 OCT

OW212058 Beijing XINHUA English 2043 GMT 21 Oct 85

[Text] United Nations, October 21 (XINHUA) -- Chinese Premier Zhao Ziyang arrived in New York by special plane this afternoon to participate in the celebrations of the 40th anniversary of the founding of the United Nations.

At 4:30 p.m. local time, the chartered CAAC jetliner touched down at the J. F. Kennedy International Airport. The Chinese premier was greeted by the representative of the United Nations secretary general, as well as Chinese Ambassador to the United Nations Li Luye and other Chinese diplomats. Premier Zhao's party included Chen Chu, special assistant to the premier; Qian Qichen, vice-minister of foreign affairs; and Bai Meiqing, responsible member of the premier's office. Zhao and his party were then escorted by the U.S. security motorcade to the residence of the Chinese Mission to the United Nations.

The Chinese premier's visit is the first trip made by the head of the Chinese Government to the United Nations since it was founded 40 years ago. China is one of the founding nations of this world organization and one of the five permanent members of its Security Council.

The United Nations has invited all the heads of state or government of its member nations to attend the celebrations of its 40th birthday in New York during the current session. According to U.N. statistics, about 87 heads of state or government or special envoys are expected to arrive here from October 14 to 24.

On October 24, Premier Zhao will deliver a speech at the U.N. General Assembly and attend the commemorative session of the United Nations. The Chinese premier will also avail himself of his stay in New York to hold a series of meetings with leaders from other countries. The premier and his party will leave New York on October 28 for an official visit to four Latin American countries.

RENMIN RIBAO ON U.S. RELATIONS WITH ITALY, EGYPT

HK220948 Beijing RENMIN RIBAO in Chinese 22 Oct 85 p 7

[Commentary by reporter Zhang Yunwen: "Why the United States Takes the Trouble To Change From Arrogance to Humility"]

[Text] Washington, 19 Oct -- On 10 October, U.S. fighter planes intercepted and forced an Egyptian civilian aircraft to land. This incident has brought about a series of serious consequences and attracted the concern of U.S. public opinion. The U.S. disregard for the sovereignty of other countries in handling the hijacking incident and its public support for Israeli aircraft attacking the PLO Headquarters in Tunisia some time ago have seriously undermined the relations between the United States on the one hand and Egypt, Italy, and Tunisia on the other. The result is that anti-American sentiment is running high in these three countries. The U.S. actions have also cast a pall over the peace process in the Middle East.

Egypt is the only Arab country which has diplomatic relations with Israel, maintains friendly relations with the United States, and devotes itself to the peace process in the Middle East. The Egyptian Government allowed the hijacked Italian liner to anchor at an Egyptian port and helped end the crisis so that the more than 400 people of the ship's crew and passengers could be out of danger.

But this incurred the censure of the United States. An Egyptian aircraft was intercepted and forced to land at a U.S. base in Italy. This violation of international law has drastically cooled U.S.-Egyptian relations.

Italy is an important U.S. ally in NATO. In defense, anti-terrorism, and other matters, Italy has constantly supported the United States. The Italian Government agreed to the U.S. demand on forcing an Egyptian aircraft with the four hijackers on board to land at a U.S. military base in Sicily, and held the four hijackers in custody. But this was unreasonably censured by the United States. Italy's Craxi government was forced to resign over this incident.

According to some reports, without prior approval, the United States dispatched commandos to surround the Egyptian aircraft which had been forced to land. Demanding that the personnel on board be sent to the United States, the commandos stood facing the Italian troops, almost leading to an armed conflict. However, the United States did not succeed in its attempt. Again, without a prior approval from the Italian Government and disregarding protests from the Italian control tower, the United States dispatched its fighter planes to follow the Egyptian aircraft to Rome. This series of acts on the part of the United States, in total disregard of Italy's sovereignty, was met with indignant protests from the Italian Government.

Elated by this unreasonable act, some people here have been talking a lot about "punishing Egypt" and "penalizing the Italians." On the other hand, public opinion in Italy and Egypt is naturally very resentful about the "arrogance" and "haughtiness" on the part of the United States, thus giving rise to anti-American sentiment in these countries. It is precisely under these circumstances that the Reagan administration sent Assistant Secretary of State John Whitehead to Egypt, Italy, and Tunisia in an attempt to calm down the indignation of these countries and to ease the tension between the United States and these countries.

The fact that the United States supported Israel's air raid on PLO Headquarters and the U.S. interception of the Egyptian airplane have dealt heavy blows on Jordanian King Husayn's efforts to seek peace in the Middle East. Public opinion here holds that the process to seek a peaceful solution to the Middle East issue, which was initiated jointly by Jordan and the PLO last February, has encountered setbacks owing to recent developments in the situation.

Everybody knows that it was after many setbacks and difficulties that Jordan's King Husayn broached the Jordanian-PLO joint peace scheme, which was firmly supported by Egyptian President Muhammad Husni Mubarak. Since the United States was forced to withdraw its troops from Lebanon last year, it has been in a state of inertia concerning the Middle East issue. Therefore, it also wants to avail itself of this opportunity to find a way out for its Middle East policy in order to maintain the interests and influence of the United States in this area. However, Israel has stubbornly refused to conduct dialogue with the PLO and has been doing its utmost to exclude the representatives of the Palestinian people from participating in the peace talks. The United States has sided with Israel and adopted a hostile attitude toward the PLO. It has thus set one obstacle after another before the peace process. The U.S. support of Israel in regard to the air raid on the PLO Headquarters and the interception of the Egyptian airplane have undoubtedly made it even more difficult to achieve peace in the Middle East. The United States faces this dilemma.

A commentary in THE NEW YORK TIMES pointed out: The United States will "pay very dearly" for its acts. It may have suffered great losses for its major interests in the Mediterranean area and it is as yet hard to estimate the losses it may suffer in the future.

The special envoy of the U.S. President hurried to the three Mediterranean countries to do fence-mending work. At the very beginning of Reagan's letter to Italian Prime Minister Bettino Craxi, he said: "I look forward to meeting you in New York this month at the summit meeting of the heads of major Western countries." However, people point out that the consequences of the disregard of the United States for the sovereignty of other countries cannot be removed by a "warm and friendly" private letter.

PRC AVIATION DELEGATE CONDEMNS ISRAELI VIOLATION

OW190318 Beijing XINHUA in English 0244 GMT 19 Oct 85

[Text] Montreal, October 18 (XINHUA) -- The Council of the International Civil Aviation Organization today condemned the violation of Tunisian airspace by Israeli military aircraft on October 1. In its resolution passed this afternoon at the 116th session, the organization also urged Israel to refrain from committing any further action.

Chinese alternative representative Tan Jingchun in his statement, strongly condemned this aggressive act of Israel which, he said, constituted another crime against the Palestinians and Arab peoples as a whole and a gross violation of the sovereignty and territorial integrity of Tunisia. Representatives from many other countries also condemned the Israeli action.

The International Civil Aviation Organization is meeting in Montreal for its 116th session, which began yesterday. The recent Israeli violation of Tunisian airspace was discussed at the request of the Tunisian Government.

EGYPTIAN MILITARY SEEKS SOVIET SPARE PARTS

OW220110 Beijing XINHUA in English 0105 GMT 22 Oct 85

[Text] Cairo, October 21 (XINHUA) -- An Egyptian military delegation went to the Soviet Union recently to buy spare parts for the Egyptian weapons imported from Moscow previously, informed sources said here today. This arrangement was made when the relations between the U.S. and Egypt was strained due to the U.S. interception of a civilian aircraft which carried four hijackers of the Italian cruise liner "Achille Lauro" to Tunis and was later forced to land in Italy.

AUSTRIA NOT JOINING U.S. SDI RESEARCH PROGRAM

OW180915 Beijing XINHUA in English 0736 GMT 18 Oct 85

[Text] Sofia, October 17 (XINHUA) -- Austrian Minister of Foreign Affairs Leopold Gratz insisted here today that Austria will not join the United States' Strategic Defense Initiative (SDI) research program because of its military character. But Austria is interested to take part in research work for non-military purposes, he added in his meeting with Bulgarian Minister of Foreign Affairs Petur Mladenov, according to the Bulgarian news agency. Leopold Gratz arrived here today on a four-day official visit at the invitation of his Bulgarian counterpart.

The two ministers agreed that arms race, nuclear arms race in particular, is responsible for the tense and dangerous world situation today, and that militarization of outer space can only be prevented through negotiations and constructive talks on all the fundamental questions is the only way to maintain peace and achieve mutual trust. The two sides, however, differed on the cause of the present scale of arms race in the world.

RENMIN RIBAO REPORTS BUSH'S DEPARTURE FOR HONG KONG

HK210919 Beijing RENMIN RIBAO in Chinese 19 Oct 85 p 4

[XINHUA report: "U.S. Vice President Bush Winds Up Visit to China"]

[Text] Shenzhen, 18 Oct -- U.S. Vice President George Bush and his wife today wound up their 6-day official visit to China and left Shenzhen for Hong Kong.

Zhu Qizhen, China's vice foreign minister, and Li Hao, Guangdong provincial vice governor and Shenzhen mayor, accompanied Bush and his wife to the airport and saw them off.

Before his departure, Bush held a press conference in Shenzhen. He gave reporters his impressions of his China trip, saying that he had found remarkable progress in China's four-modernization efforts as compared with what he saw 3 years ago on his previous China trip.

He said that in recent years, China and the United States have been increasingly expanding their political, economic, and cultural relations, which show bright prospects. He expressed his hope that two countries will make progress toward the conclusion of an investment agreement. He said that the expansion of Sino-U.S. cooperation will also be favorable to the U.S. economy.

Bush said that he believes that the personnel changes in China's leadership will not affect the course of China's efforts to achieve the four modernizations, because Chinese leaders at all levels have all established a definite idea of following this course.

A reporter asked Bush about his comment on the improvement of Sino-Soviet relations. Bush said that the United States welcomes efforts to improve these relations.

AMERICAN SCIENTISTS REJECT SDI RESEARCH CONTRACTS

OW181910 Beijing XINHUA in English 1852 GMT 18 Oct 85

[Text] Washington, October 18 (XINHUA) -- Fifty-four percent of the faculty members of physics departments at 14 top U.S. universities have signed a petition to reject research contracts for the Strategic Defence Initiative (SDI).

Professor John Kogut of the University of Illinois, said that in the initial weeks of a national drive for signatures, 1,300 scientists, including 12 Nobel Prize winners, declared that they would turn down the contracts. Kogut said that "scientists at leading American physics departments have cast a landslide vote" against the SDI, known as the "star wars" program.

The multi-billion-dollar program requires the help of top U.S. scientists because it will depend heavily on advanced technology.

LI PENG MEETS WASHINGTON STATE DELEGATION

OW210636 Beijing XINHUA in English 0631 GMT 21 Oct 85

[Text] Beijing, October 21 (XINHUA) -- Chinese Vice Premier Li Peng met here this morning with Booth Gardner, governor of Washington State of the United States and his party.

The guests arrived here on October 19. They will leave here for Chengdu, capital of Sichuan Province tomorrow.

LIAOWANG NOTES RECENT N-S KOREAN CONTACTS

HK181357 Beijing LIAOWANG in Chinese No 40, 7 Oct 85 p 27

[Special dispatch from Pyongyang by contributing correspondent Gao Haorong: "Relations Between North and South Korea Are Gradually Improving"]

[Text] From 20 to 23 September, the art ensembles and home-visiting groups led by the North and South Korean Red Cross Societies respectively visited Seoul and Pyongyang. During this 3-day-long visit, audiences in both North and South Korea attended the performances of national songs and dances given by artists from the other side; and 30 members of the North Korean home-visiting group and 35 members of the South Korean home-visiting group met with their relatives separated for as long as 35 or even 40 years. The scenes of the long-awaited and emotional family reunions were extremely stirring.

This is the first personnel exchange effected between the two parts of Korea since the division of the country 40 years ago. It was carried out on the basis of an agreement reached by Red Cross representatives from both sides after three rounds of working talks held in July and August.

The exchange of visits was still restricted by many conditions: Each art ensemble and home-visiting group consisted of only 50 people, a figure which is obviously insignificant compared with the 10 million people separated from their families and relatives in the whole Korean peninsula. The places of visit were confined to Seoul and Pyongyang. The length of visit was only 3 days. The art ensembles could only give two performances with no advertisements nor live telecast. Nevertheless, this exchange of art ensembles and home-visiting groups made by the North and South Korean Red Cross Societies was highly appraised by both sides as an important realistic activity. Son Song-pil, chairman of the Red Cross Society of Korea, who led the art ensemble and home-visiting group from the North to visit Seoul, said that this exchange of visits "is a great event in the national history and an important opportunity to make a breach in the barrier of separation" and will "contribute to opening up a way to the reunification of the fatherland" Kim Sang-hyup, chairman of the South Korean Red Cross Society and leader of its art ensemble and home-visiting group also held that the exchange of visits "is a happy event" and "has brought a bright prospect" for solving the problem of divided families scattered about in the two parts of Korea."

As is known to all, since the early 1970's, there have been two dialogues on the Korean peninsula, which have failed to attain substantive development or result in any practical move due to various reasons. However, after the Korean Red Cross Society provided relief goods to the flood victims in South Korea in September of last year, the third dialogue came about on the Korean peninsula. This dialogue have been characterized by multi-leveled, progressive and practical actions.

At present, talks being held by both sides include preparatory meetings for parliamentary talks on the nature of politics and the economic talks aimed at realizing North-South economic cooperation and exchange as well as the Red Cross talks with regard to the issue of separated families and relatives. In addition, leaders of both sides' Olympic Committees are expected to hold talks on sports in Lausanne, Switzerland, in connection with the 24th Olympic Games.

During the Red Cross talks, the two sides already reached an agreement in principle on discussing a package of five topics, with the priority being given to the realization of free interaction between separated families and relatives.

Until now, in the light of the agreement reached by their representatives, the art ensembles and home-visiting groups organized by the Red Cross Societies of both sides have exchanged visits. Some foreign news agencies hold that seizing this as an opportunity, the dialogue between North and South Korea "will change from the present stage of negotiation to a stage of action."

In the field of economy, after four rounds of talks, both sides have agreed in principle to set up a joint economic commission headed by chairmen at the vice-premier level and worked up draft agreements on setting up respective joint economic commissions and effecting economic cooperation and exchange. Both sides hold that although the draft documents of both sides are still quite different, they also bear many common points or similarities. During the fourth round of talks held on 18 September, both sides agreed to hold the next round of talks on 20 November to further the discussion and iron out the differences and then to leave it to both sides' representatives responsible for the work for discussing the details of the agreement.

The preparatory meetings for parliamentary talks started later than the Red Cross talks and the economic talks. At the first preparatory meeting called on 23 July, both sides concluded an agreement on the holding of parliamentary talks, the composition of delegations, the venues of talks, and so on; but widely differed on topics for discussion. It seems that the reconciliation of these differences requires the joint efforts by both sides as well as a certain period of time.

During his interview with the editorial bureau chief of SEKAI magazine of Japan, Kim Il-song, president of Korea, pointed out that North Korea is deeply concerned with the smooth progress of the ongoing talks and that "these talks at lower levels involving a wide range of topics will result in an atmosphere of national reconciliation and goodwill, enhance mutual understanding and lay a foundation for reaching fundamental agreements." Observers hold that as long as the two parts of Korea often sincerely sit together and constantly expand the channels of dialogue as well as the scope of cooperation and exchange, they can surely surmount various difficulties arising on the road of dialogue, reach more agreements and take more practical actions to facilitate the progress towards the improvement of the North-South relations, so as to contribute to the relaxation of tension on the Korean peninsula as well as peace and security in Asia.

PRC-DPRK GOOD-WILL ACTIVITIES BEGIN IN PYONGYANG

OW211723 Beijing XINNUA in English 1711 GMT 21 Oct 85

[Text] Pyongyang, October 21 (XINHUA) -- The Korea-China friendship association today inaugurated ten-day-long Korea-China goodwill activities to commemorate the 35th anniversary of the Chinese Volunteers participation in Korea's war against the U.S. aggression.

Speaking at the opening ceremony here, chairman of the association Yi Cha-pang said that the activities are held to publicize the exploits of the Chinese Volunteers in the war. They will also help enhance the friendly relations between the two countries. He added that the people of Korea will never forget the Chinese Volunteers' great contributions to the struggle for maintaining Korea's freedom and independence as well as peace in Asia and the world as a whole.

Chinese Ambassador to Korea Zong Kewen said that the commemoration activities have shown that the Korean people cherish the memory of the Chinese Volunteers and that the Korean Workers Party, government and people value their deep friendship with the Chinese Communist Party, government and people.

During the 10 days, rallies will be held and film receptions and theatrical performances staged.

[Beijing XINHUA Domestic Service in Chinese at 1437 GMT on 21 October carries a report on the inauguration of the Korea-China friendship activities commemorating the 35th anniversary of the Chinese Volunteers participation in the Korean war which adds... Attending today's inaugural ceremony on the Korean side were responsible persons of the departments concerned Kim Chae-pong, Yi Won-kuk, and Yi Song-ho; officials of the Chinese Embassy also attended.]

HU YAOBANG MEETS PRC-JAPAN COMMITTEE MEMBERS

OW190003 Beijing XINHUA Domestic Service in Chinese 0923 GMT 18 Oct 85

[Text] Beijing, 18 Oct (XINHUA) -- Hu Yaobang, general secretary of the CPC Committee, advanced four points for developing Sino-Japanese friendly relations (text transmitted separately) when meeting at Zhongnanhai at noon today with both the Chinese and Japanese members attending the 2d session of the 21st Century Committee for China-Japan Friendship. He solemnly pointed out that this was the common opinion of the CPC and the Chinese Government. He stressed: Both China and Japan regard Sino-Japanese friendship as one of their basic national policies. This is absolutely correct. Any ideas or acts belittling or underestimating the cause of long-term Sino-Japanese friendship lack far-sightedness and are mistaken.

At the meeting, Wang Zhaoguo, China's chief representative on the committee, briefed Hu Yaobang on the committee's second session. Hu Yaobang was pleased with the success of the session.

Taodao Ishikawa, Japan's chief representative on the committee, said: As far as Japan-China relations of friendship are concerned, we shall, on the whole, act in accordance with the Japan-China Joint Statement, the Japan-China Peace and Friendship Treaty, and the four guiding principles regarding Japan-China relations. We shall do our best to strengthen friendly relations between our two countries. He stressed: We shall never forget the major premise of promoting the development of friendly Japan-China relations.

The meeting was followed by a luncheon party hosted by Hu Yaobang for the committee members on both sides. Yosuke Nakae, Japanese ambassador to China, was present at the meeting and attended the luncheon.

This morning, Wang Zhaoguo, Taodao Ishikawa, and others attended a meeting held at the China Children's Activity Center to present awards to winners of a Sino-Japanese childrens' and youths' calligraphy contest. Taodao Ishikawa and other Japanese members on the committee will leave Beijing for home tomorrow.

WANG ZHEN MEETS JAPANESE PEACE, FRIENDSHIP GROUP

OW191743 Beijing XINHUA in English 1623 GMT 19 Oct 85

[Text] Beijing, October 19 (XINHUA) -- Wang Zhen, honorary president of the China Association for International Friendship, met here today with a visiting delegation from the Japan-China Peace and Friendship Association led by its vice president, Nakamura Raoichi. The principal members of the delegation had taken part in China's war of resistance against Japan and its socialist construction.

During their cordial talks, Wang Zhen thanked these friends for their contributions to the victory of China's revolution and construction. Nakamura Raoichi said that they had received ideological education from the Chinese Communist Party and the People's Army during their stay in China and had been working for friendship between the two countries after returning to Japan. "We are very pleased with the Chinese people's unity and their success in modernization," he said. The delegation arrived here October 17 as guests of the host association.

JOINT INSPECTION OF SINO-BURMESE BORDER ENDS

HK170551 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 15 Oct 85

[Text] The field work of the first joint inspection of Sino-Burmese border which had lasted 8 months recently concluded successfully.

Yesterday evening [15 October], in the Kunming Hotel, Jin Renqing, vice governor of Yunnan Province, met and held a farewell banquet for the last group of the Burmese side which had taken part in the joint inspection of the Burmese border. The meeting and the banquet were held amid an atmosphere of friendship between the Chinese and Burmese peoples. Li Daicheng, vice mayor of Kunming City, and responsible persons of provincial and city departments concerned attended the meeting and the banquet to help entertain the guests of honor.

The work of the joint inspection of the Burmese border was the first joint inspection since the governments of the two countries -- China and Burma -- officially delimited the boundaries in 1962. In the work of this joint inspection, the personnel of the Chinese and Burmese sides were friendly with each other, worked closely together well, shared weal and woe, and accomplished relatively successfully and smoothly the tasks assigned by their own countries.

The Burmese group will leave Kunming for home in groups within the next few days.

NEW ZEALAND DEFENSE MINISTRY SUPPORTS ANZUS

OW161415 Beijing XINHUA in English 1325 GMT 16 Oct 85

[Text] Wellington, October 16 (XINHUA) -- New Zealand Defense Ministry in a report to a parliamentary select committee said New Zealand's membership of ANZUS does not constitute an identifiable risk of making New Zealand a nuclear target, local newspapers reported today.

The Defense Ministry said that ANZUS unlike the European NATO defense pact had no plans for nuclear defense response if one of the three partners of ANZUS was attacked. It also rejected the theory that New Zealand, by accepting nuclear warship visits, laid itself open to nuclear attack by another power. The ministry added nuclear weapons aboard ships in New Zealand ports could not reach a potential enemy and therefore presented no threat to any other country while here. The ministry stressed there would be no chance that a nuclear armed warship would remain in a New Zealand port during a period of heightened tensions.

On October 9, Prime Minister David Lange stated that the labor government, while holding to its determination not to allow nuclear weapons in New Zealand, would fulfill its conventional obligations in the ANZUS. He made these remarks while commenting on the opposition to the government's defense policies raised by a group of retired military chiefs.

HAN NIANLONG LEAVES FOR NEW ZEALAND, AUSTRALIA

OW211645 Beijing XINHUA in English 1556 GMT 21 Oct 85

[Text] Beijing, October 21 (XINHUA) -- A delegation from the Chinese People's Institute of Foreign Affairs led by its President Han Nianlong left here today for a visit to New Zealand and Australia at the invitation of the two countries' governments.

WU XUEQIAN MEETS INDIAN OFFICIAL IN BEIJING

BK171403 Delhi General Overseas Service in English 1330 GMT 17 Oct 85

[Text] The secretary in the Ministry of External Affairs, Dr Teja, now in Beijing, had a meeting with the Chinese foreign minister. The meeting, which lasted 40 minutes, was held in a cordial atmosphere. According to an official spokesman, they discussed India-China relations, particularly the Indian Embassy property question. The spokesman said some progress has been made for resolving the issue.

Dr Teja is scheduled to have another round of talks with the Chinese foreign minister.

HU YAOBANG MEETS HOSPITALIZED INDIAN FRIEND

OW191242 Beijing XINHUA in English 1237 GMT 19 Oct 85

[Text] Beijing, October 19 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang called on Dr. Bijoy Kumar Basu, president of the All-India Dr. D.S. Kotnis Memorial Committee, at the Beijing Union Medical College Hospital here today. Basu, an old friend of China, is here for medical treatment and visit at the invitation of the Chinese People's Association for Friendship with Foreign Countries.

Basu, 74, joined the Indian medical team to China in 1938 to help China's anti-Japanese war. Since returning home in 1943, he has all along worked for India-China friendship. During his stay in Yanan, the Communist Party's base, Basu had met Hu several times.

At their happy reunion today, Basu told Hu, "You are very busy and thank you for coming." Hu replied, the Indian people gave much help to us in our revolution. "You are an old friend of China. You have made great contributions to our revolution. We are grateful to the Indians."

Hu said China and India shared the same sufferings in the past, adding that China hopes to advance its relations with India. Hu recalled his visit to the Indian medical team at an army hospital in Yanan in 1939. He told Basu that it was Mao Zedong and Wang Jiaxiang who sent him to visit the team and he was treated to Indian food by the team leader Dr. Madan Mohanlal Atal.

Before leaving the hospital today, Hu presented Basu with a basket of flowers and fruit and posed for a group photo with Basu and his wife.

XINJIANG PLA DELEGATION LEAVES FOR PAKISTAN

OW201503 Beijing XINHUA in English 1451 GMT 20 Oct 85

[Text] Urumqi, October 20 (XINHUA) -- A delegation from the Xinjiang Military Area Command of the Chinese People's Liberation Army (PLA) headed by its Commander Liu Haiqing left here today for a goodwill visit to Pakistan, at the invitation of the country's Army Headquarters.

XINHUA ANALYZES FALL OF ITALIAN GOVERNMENT

OW181357 Beijing XINHUA in English 1325 GMT 18 Oct 85

["News analysis: Policy Dispute and a U.S. Pressure Cause Collapse of Italian Government (Huang Changrui)" -- XINHUA headline]

[Text] Rome, October 17 (XINHUA) -- Prime Minister Bettino Craxi's 26-month-old cabinet, the second longest-lived in the post-war period of Italy, resigned yesterday after Republican ministers withdrew from the government in protest against Craxi's handling of the Achille Lauro hijack affair.

Apparently, the crisis was touched off by Defense Minister Giovanni Spadolini, also the general secretary of the Republican Party, when he lashed out at Craxi for his decision to release a Palestinian official who was forced to land in Italy after his aircraft was intercepted by U.S. fighter planes.

An in-depth look into the incident, however, indicates that the reason for Craxi's resignation goes far beyond the liner hijack event itself. It is the discordance among the ruling parties over the Middle East policy that contributes to the final cave-in of Craxi's government and the Achille Lauro hijacking merely happened to touch the "achilles heel" of the five-party coalition's foreign policy.

According to the press here, the five ruling parties -- the Christian Democratic Party, the Socialist Party, the Republican Party, the Social Democratic Party and the Liberal Party -- have long been inharmonious about Italy's policy on the Middle East peace course and its relationship with Arab nations.

The Socialist Party and the Christian Democratic Party stand for friendly ties with Arab countries and recognize the rights of the Palestinian people to establish a state of their own in the Israeli occupied territory. They argue that the Middle East and northern African countries not only provide three quarters of Italy's oil supply but also remain in close trade and technical cooperation with the country. But, the Republican Party, the Social Democratic Party and the Liberal Party see the issue in a different way. They called for warm relations with Israel while turning an icy face toward the Arabs, the Palestinians in particular. This is why they became so angered when Muhammad al-'Abbas, a leader of the Palestine Liberation Front, was allowed to leave here unharmed a few days ago.

Compounding the crisis was the high pressure from the U.S. Government which was also annoyed because Craxi was not cooperative in handling the hijack issue.

The independent-minded Craxi, after the Achille Lauro was pirated, warned the United States not to take military actions unless his government asked for it. Later he turned down President Ronald Reagan's call for sending the four hijackers to the United States, and released Muhammad al-'Abbas despite the White House request to have him detained and extradited to the United States.

Craxi's intransigence has kindled a salvo of broadsides from the Reagan administration. U.S. Secretary of State George Shultz and a White House spokesman expressed their dissatisfaction, and the U.S. ambassador here lodged a strong protest, describing Craxi's behavior as "incomprehensible." The U.S. press also joined in the anti-Craxi chorus. An editorial in THE NEW YORK TIMES openly declared that the U.S. President not only has the right to put pressure upon those friendly nations which intend to tilt toward the other side.

No wonder, the Reagan administration takes pleasure in the downfall of Craxi's cabinet, just as an Italian newspaper noted: "The White House will not shed tears over the political hurricane in Rome."

REPORTAGE ON PLA DELEGATION VISIT TO TURKEY

Leaves Italy for Turkey 18 Oct

OW181920 Beijing XINHUA in English 1837 GMT 18 Oct 85

[Text] Rome, October 18 (XINHUA) -- A Chinese People's Liberation Army (PLA) delegation headed by PLA Chief of General Staff Yang Dezhi left here for Turkey today after a visit to Italy. During its stay here, the PLA delegation visited some Italian military enterprises. Both the Chinese and Italian Army leaders said that they would strengthen the relations and cooperation between the two armies.

Army Commander Hosts Dinner

OW191030 Beijing XINHUA in English 0801 GMT 19 Oct 85

[Text] Istanbul, Turkey, October 18 (XINHUA) -- Recep Ergun, commander of the Turkish First Army, today paid glowing tribute to the friendship between the peoples and Armed Forces of China and Turkey.

Speaking at a dinner in honor of Yang Dezhi, chief of the General Staff of the Chinese People's Liberation Army (PLA) and his party, Ergun said, the Turkish people and their Armed Forces "cherish profound feelings" for the Chinese people and are "most happy to see the achievements made in China." "Great China today constitutes a decisive force in defending peace in the world," he added. Ergun also praised the current economic reforms in China and its policy of opening to the outside world, as well as the PLA's role in economic construction.

Yang Dezhi said, "The peoples and Armed Forces of China and Turkey can support and cooperate with each other in the great cause of defending world peace." He said he had come to learn from the Turkish people and their Armed Forces and to promote the friendship between the two countries.

The seven-member delegation led by Yang Dezhi arrived here this afternoon for a week-long goodwill visit to Turkey at the invitation of Necdet Urug, chief of the General Staff of the Turkish Armed Forces.

The party drove to the headquarters of the Turkish First Army and called on Commander Ergun soon after their arrival at the Ataturk Airport, where they reviewed a guard of honor.

Meets Turkish President

OW220144 Beijing XINHUA in English 0103 GMT 22 Oct 85

[Text] Ankara, October 21 (XINHUA) -- Turkish President Kenan Evren expressed the hope today that the relations between Turkey and China would develop further.

Meeting with Chief of General Staff of the Chinese People's Liberation Army Yang Dezhi and his party here today, he hoped that the annual trade volume between the two countries would reach one billion U.S. dollars in the next few years.

The Chinese Army chief of general staff said that his current visit is aimed at studying useful experience from the Turkish Armed Forces.

Yang Dezhi and his party arrived in Ankara from Istanbul this morning.

Ankara Reportage

For Ankara coverage of the visit to Turkey by Chief of Staff Yang Dezhi including his meetings with Turkish leaders President Kenan Evren, National Defense Minister Zeki Yavuzturk and Armed Forces Chief of Staff Necdet Urug, see the Turkey section of the 21 October Western Europe DAILY REPORT and subsequent issues.

FRENCH OFFICIAL COMPARES EUREKA, SDI PROGRAMS

OW200810 Beijing XINHUA in English 0741 GMT 20 Oct 85

[Text] Paris, October 19 (XINHUA) -- A high-ranking French official today renewed the call on European allies to join Eureka, a European high-tech research program, but reaffirmed permission for French industries to take part in the U.S. Strategic Defense Initiative (SDI).

Speaking at an international symposium that opened here yesterday, Claude Arnaud, French foreign minister's adviser, said the SDI, a space-based system to ward off missile attacks, has an "extremely stimulating" role to play. He urged the European nations to response to the technological challenge with the Eureka program.

At the symposium, which was attended by several senior Pentagon officials and about 200 European industrialists, Arnaud listed three great differences between the SDI, commonly known as "star wars" project, and the Eureka, which covers research on computers, automation, telecommunication, genetic engineering, and new materials.

First, he said, the SDI is a military program while the Eureka is a civil one in which such neutral nations Switzerland and Sweden could participated. Secondly, the SDI project is carried out by the U.S. alone while the Eureka is based on coordinated work by different countries on some precise projects. Thirdly, the "star wars" program is financed enormously by public funds, whereas the funds for Eureka are pooled by enterprises and supplemented by the government, he noted.

At the symposium, which was organized by the European Center of International Relations and Strategy Study, some European entrepreneurs expressed their willingness to "walk on two legs" in high-tech research, being interested in both the SDI and the Eureka. But they fear to be considered as the sub-contractors of their "big American brother."

The Eureka program was launched by France last April and accepted by 17 European countries last July. The content of the program, which is expected to contain 24 key projects in the next five to 12 years, will be decided at a Bonn conference by the middle of next month.

TIAN JIYUN DISCUSSES PARIS-BEIJING COOPERATION

OW212200 Beijing XINHUA in English 2106 GMT 21 Oct 85

[Text] Paris, October 21 (XINHUA) -- Chinese Vice Premier Tian Jiyun, who arrived here this morning on his trip to African countries, met with Michel Giraud, president of the Regional Council of l'Ile-de-France. They talked about the cooperation between Paris and Beijing in the technical transformation and management of Beijing's underground railways. Tian will visit Algeria, Tunisia, Morocco, Libya and Kenya.

REPORTAGE ON VISIT OF YUGOSLAV SUPREME COURT HEAD

Arrives 18 Oct

OW181150 Beijing XINHUA in English 1138 GMT 18 Oct 85

[Text] Beijing, October 18 (XINHUA) -- Stojan Djuranovic, president of the Supreme Court of the Socialist Federal Republic of Yugoslavia, flew in here this evening at the head of a Supreme Court delegation as guests of Chinese Supreme People's Court President Zheng Tianxiang. Greeting them at the airport were Vice-Presidents of the Chinese Supreme People's Court Zhu Mingshan and Ma Yuan and counsellor of the Yugoslav Embassy here Vucina Cagorovic.

Talks With Geng Biao

OW210752 Beijing XINHUA in English 0733 GMT 21 Oct 85

[Text] Beijing, October 21 (XINHUA) -- Geng Biao, vice-chairman of the National People's Congress Standing Committee, met in the Great Hall of the People today with Stojan Djuranovic, president of the Supreme Court of the Socialist Federal Republic of Yugoslavia, and a delegation he led. Geng Biao briefed the guests on China's legal system. Present was Zheng Tianxiang, president of the Chinese Supreme People's Court.

Before the meeting, Yang Yichen, procurator general of the Chinese Supreme People's Procuratorate, met with the Yugoslav delegation.

Meets Chen Pixian

OW211919 Beijing XINHUA in English 1447 GMT 21 Oct 85

[Text] Beijing, October 21 (XINHUA) -- The Communist Party is to strengthen its ideological and political work, a senior party official said here today. Chen Pixian, a member of the party Central Committee Secretariat, said these extra efforts were expected to show conspicuous results within the next few years.

At a meeting with a delegation from the Yugoslav Supreme Court, led by its president, Stojan Djuranovic, Chen described the stepping up of ideological and political efforts as being a key task now facing the party. Another important task was party consolidation at and above county level.

Referring to China's continuing reforms, Chen said more than 1,200,000 veteran officials had retired to make way for younger cadres. These younger officials had achieved excellent results in training, and would ensure the stability and continuity of party and government policies. Chen stressed that China's economic reforms would certainly not lead to capitalism. Public ownership would continue to play the main role in the country's economy. He also briefed the Yugoslav comrades on last month's national party conference and the fourth and fifth plenary sessions of the 12th Central Committee.

Present at the meeting was Chinese Supreme People's Court President Zheng Tianxiang.

SOUTH AFRICA'S EXECUTION OF MOLOISE CONDEMNED

RENMIN RIBAO Commentary

HK211607 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 20 Oct 85 p 6

["Short" commentary: "Slaughter Cannot Frighten the People Waging Struggle"]

[Text] Ignoring the strong opposition of the international community and world opinion, the South African regime executed Moloise, the black freedom-fighter, on 18 October. This latest crime committed by the South African regime in its actions to suppress the resistance struggle of the black people has aroused the strong indignation of the South African people, the African people, and the people of the entire world. The Chinese people strongly condemn this ruthless act of the South African regime.

Why was Moloise guilty? It was because he participated in the mass struggle against the apartheid system in South Africa. We all know that the apartheid system in South Africa, the most barbarous and reactionary system in the world, is an extremely brutal instrument of repression against the blacks. That is why the mammoth movement of resistance launched by the South African people is a fully just movement and has won world-wide support. Moloise was just one of the tens of thousands of South African people fighting for liberty and equality. The execution of Benjamin Moloise by the South African regime is a challenge to human justice and conscience. And it also shows that the South African regime has no intention of changing its decades-old policy of apartheid.

The South African regime is having a hard time in face of the tenacious resistance from the South African people and under the strong pressure of world opinion. Its deceptive designs for "constitutional reform" and its pretence of racial reconciliation have been seen through by the broad masses of the South African people and have been strongly opposed and condemned by the people both inside and outside South Africa. The South African people's struggle for racial equality is on the upsurge. The world-wide demand for sanctions against the South African regime is mounting. Under such circumstances, the South African regime has to resort to brutality to suppress and kill the black South Africans who oppose its rule in order to quench the flames of the South African people's struggle and maintain its own evil and racist rule.

However, the South African regime's killing of the unarmed masses in no way shows its strength. On the contrary, this is precisely a sign of the instability of its rule. Facts show that no amount of killings can intimidate the people fighting for freedom. This can only stiffen their resistance. It is just as Perez de Cuellar, secretary general of the United Nations, and Jaime de Pinies, chairman of the General Assembly of the United Nations, pointed out in their declaration: The execution of Moloise "will inevitably further worsen the serious situation in South Africa." We believe that with the support of the African people and the international community, the South African people will continue to hold high the great banner against racism, fear no danger and difficulty, and advance toward the final victory along the road opened up with blood by their forerunners.

CYL, Trade Unions Decry Hanging

OW211908 Beijing XINHUA in English 1458 GMT 21 Oct 85

[Text] Beijing, October 21 (XINHUA) -- Chinese trade unions and youth groups today condemned Pretoria's hanging Friday of Benjamin Moloise, freedom fighter of the African National Congress, as a new crime against South African blacks that proves that the so-called constitutional reform is "nothing but a fraud".

An official for the All-China Federation of Trade Unions said today, "The Chinese workers and trade unions believe that killings will never frighten the South African people into submission. Killings can only bring about a fiercer struggle among the South African people against the racist regime." "The Chinese workers and trade unions are firm as always in backing the South African people in their just struggle against the apartheid system until a complete and final victory is won," the official said.

Meanwhile, in a joint statement issued here today, the Communist Youth League of China, the All-China Youth Federation and the All-China Students' Federation said, "All youths and students in China join the Chinese people in denouncing South African authorities for their inhuman execution of Moloise. This cruel act has once again proved that the much-publicized 'constitutional reform' in South Africa is nothing but a fraud."

'ARAFAT REAFFIRMS USSR, PRC ROLES IN MIDDLE EAST

OW191911 Beijing XINHUA in English 1850 GMT 19 Oct 85

["'Arafat Warns of Stepping Up Anti-U.S. Struggle in Mideast (Yi Chongjing and Wu Yibong)" -- XINHUA headline]

Text] Baghdad, October 19 (XINHUA) -- Yasir 'Arafat, chairman of the Palestine Liberation Organization, predicted today that the struggle against the U.S. interests in the Middle East will be "white-hot" this winter.

Speaking at a press conference here today, 'Arafat said: "I want to tell Ronald Reagan that he has infuriated the people of this region. On the occupied Arab land, there will be not only resistance but uprising."

Asked about the prospect of peace in the Middle East, 'Arafat said the U.S. has rejected peace talks in the Middle East, rejected the participation of the PLO in the peace talks and rejected the participation of the Soviet Union and China in solving the Middle East issue. "It is inconceivable that the Middle East issue can be solved without the Soviet and Chinese participation. We will never betray our people or our friends," he declared.

TIAN JIYUN DEPARTS ON 5-COUNTRY AFRICAN TOUR

OW201600 Beijing XINHUA in English 1517 GMT 20 Oct 85

[Text] Beijing, October 20 (XINHUA) -- Chinese Vice-Premier Tian Jiyun and his party left here by air this evening for an official and friendly visit to Algeria, Tunisia, Morocco, Libya and Kenya at the invitation of the countries' governments.

Seeing them off at the airport were member of the Political Bureau and member of the Secretariat of the Chinese Communist Party Central Committee Hu Qili, Vice-Premier Li Peng, as well as diplomatic envoys of the five countries here.

WAN LI MEETS SENEGALESE HEALTH MINISTER

OW191316 Beijing XINHUA in English 1259 GMT 19 Oct 85

[Text] Beijing, October 19 (XINHUA) -- Chinese Vice-Premier Wan Li met here this afternoon with a public health delegation from Senegal led by Minister Thierno Ba. Yesterday evening, the guests were entertained at a banquet given by Gu Yingji, Chinese vice-minister of public health.

LATIN AMERICAN ENVOYS VIEW UPCOMING ZHAO VISIT

OW181548 Beijing XINHUA in English 1526 GMT 18 Oct 85

[Text] Beijing, October 18 (XINHUA) -- Chinese Premier Zhao Ziyang's visit to four Latin American countries, the first one by a Chinese Government head, will be of great significance. This was the common view of the ambassadors of Colombia, Brazil, Argentina and Venezuela to China in recent interviews with XINHUA in Beijing.

Zhao will pay official goodwill visits to the four countries from October 28 to November 12. The four ambassadors held that the visit shows the increasing interest in each other by China and Latin American countries, and that the two sides are willing to develop their good bilateral relations.

Colombian Ambassador to China Luis Villar Borda, who has been here two years, said diplomatic relations between China and Colombia have been established for only five years, but the bilateral relations in all fields have developed remarkably. There exist no problems between the two countries, which share similar or identical views on many international issues. He said, although the present two-way trade volume is not big, it has made progress and is quite promising. He believed that Zhao's visit to his country will not only promote political relations but also trade and economic relations.

Brazilian Ambassador to China Italo Zappa, who is spending his third year in China, said the Brazilian president visited China in May last year, and the exchange of visits between the two countries' leaders means that a historic period for expansion of cooperation has arrived. He expected that Zhao and Brazilian leaders would concentrate their talks on development of bilateral trade and economic relations. The Sino-Brazilian trade volume has reached a billion U.S. dollars within the past ten years. Such a speedy development is very impressive, Zappa said. In culture, he said, the Brazilian TV series, "Girl Slave" proved very popular among Chinese audiences when it was shown by a Chinese TV station not long ago.

Argentina's Ambassador to China Hector A. Subiza said that Premier Zhao would exchange with Argentine leaders views on international issues and regional problems in Latin America such as external debt and the Central America issue. The five principles of peaceful coexistence put forward by the late Chinese Premier Zhou Enlai coincide with the independent foreign policy principles of non-interference in the internal affairs of other countries pursued by Argentina, he believed. The ambassador said there are broad prospects for economic and technological cooperation between his country and China. Argentina attaches great importance to its cooperation with China, which occupies a decisive position in the Asian and Pacific areas, he concluded.

Leonardo Diaz Gonzalez, the third Venezuelan ambassador to China, said that Venezuela enjoys good relations with China and will make efforts to expand its economic cooperation with it. Gonzalez disclosed that Premier Zhao is expected to sign an economic agreement during his forthcoming visit to Venezuela. He noted that the Venezuela-China trade volume remains quite small. But he believed that great progress can be made in this field in a few years so long as both sides make efforts. He wishes Premier Zhao's visit to South America every success.

RENMIN RIBAO COMMENTATOR VIEWS ARTICLE ON REFORM

HK220416 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 22 Oct 85 p 2

[Commentator's article: "A Great and Irreversible Trend"]

[Text] One year ago, our party convened the 3d Plenary Session of the 12th CPC Central Committee and adopted the "decision of the CPC Central Committee on reform of the economic structure." On the basis of the great success resulting from the rural reform following the 3d Plenary Session of the 11th CPC Central Committee, we have started the reform of economic structure with the focus on the urban economy. The National Conference of Party Delegates, held not long ago, approved the proposal on the Seventh 5-Year Plan, which efficiently summed up the reform over the past 1 year or so, and kindled a beacon lighting the way for the further and profound development of reform.

The "decision" adopted by the 3d Plenary Session of the 12th Central Committee is a very good Marxist document. It sums up practical experience of the past several decades, gives up the traditional concept that sets the planned economy against the commodity economy, explicitly points out that the socialist economy is a planned commodity economy based on public ownership, and stresses that we should consciously follow and make use of the law of value. Reviewing the practice over the past year and studying the "decision" again, we find that the guiding principles and policies of the CPC Central Committee have been turned into the vivid and tremendous practice of the masses. The achievements of reform are obvious to all.

In accordance with the spirit of the "decision," in the course of reform, we have taken the invigoration of enterprises as the cardinal link; as a result of streamlining the administration and delegating powers, the enterprises have been given a certain degree of decision-making power. Correspondingly, the functions of the state organs in managing the economy have been made more rational and the methods of this management are evolving from mainly relying on administrative orders and mandatory planning to using economic, administrative, and legal measures comprehensively. Of these, the gradual expansion of the scope of guidance planning is the hallmark of major progress in reform of the planning structure. In particular, we have already taken the first stride in price reform, which occupies a very important and sensitive position in the entire reform of the economic structure, without any big problems occurring. At the same time, further reform has been carried out of the rural production structure, horizontal domestic economic links are developing rapidly, there is continual development of a multiplicity of economic and operational forms, and economic ties with the outside world are continually expanding. Tremendous success has also been scored in employing young cadres and reforming the structures of education, science and technology, and so on.

All these measures and successes have increasingly and clearly shown the boundless vitality of the socialist system. With the basic accomplishment of the task of effecting a fundamental turn for the better in the financial and economic conditions throughout the country, a new situation of sustained, stable, and coordinated growth has begun to occur in the national economy. The balance between agriculture, light industry, and heavy industry on the one hand, and between accumulation and consumption on the other have become comparatively coordinated. The economic level in our country has begun to develop from providing people with sufficient food and clothing to attaining a comfortably well-off level. The urban and rural economy is active. On the basis of the development of production, there are more consumer goods and means of production on the market. The majority of households have more or less improved and increased their level in terms of clothing, food, and daily necessities.

A great number of people in the urban and rural areas have also improved their living conditions. Due to the efforts exerted by the people throughout the country over the past year in accordance with the spirit of the "decision," the urban and rural economy in our country has been full of vigor and vitality. This has enabled us to open up the way leading to success.

To put it briefly, our reform of the economic structure means domestic invigoration and opening up to the world. It is inevitable that some negative capitalist influences will be brought in as a result of opening up to the world; and in the course of invigorating the domestic economy, for various subjective and objective reasons. It is almost inevitable that, for a time, an opportunity will be afforded to certain lawless elements and people who do not take the overall situation into account. As Comrade Deng Xiaoping has pointed out: "Production has risen in recent years, but the pernicious influence of capitalism has not yet been reduced to the minimum possible; and it has happened that certain bad things that disappeared for a long time after liberation have been revived."

Some comrades are worried about these things. It is not completely groundless for them to do so. However, these negative phenomena are, after all, "side issues." These things can gradually be reduced and overcome as reform advances and is perfected and as ideological and political work is strengthened. The experiences of several decades have repeatedly proven that rapidly developing the productive forces is the fundamental task of socialism. Reform is precisely aimed at stimulating the development of the productive forces by perfecting the socialist system. Our reform is in accord with the historical requirement of developing productive forces, and conforms with the basic interests and desires of the broad masses of people who are striving for progress. This is a great and irreversible trend.

According to basic Marxist viewpoints, we should regard the question of whether or not they help to develop the productive forces as the most important criterion for testing the success or failure of all reforms. We should unswervingly persist in reform and opening to the outside world. The difficulties and problems that have occurred can only be completely solved through further reform. In the meantime, we should assign an important position to the building of socialist spiritual civilization, persist in giving play to the superiority of Marxism, correct our party work style and improve the general mood of our society to ensure the smooth progress of reform and construction.

When talking about reform at the National Conference of Party Delegates, Comrade Deng Xiaoping pointed out: "All things that conform with the basic interests of the majority of people and are supported by the broad masses of people will certainly be successful despite the great difficulties occurring on the road of advance." Reform is where the basic interests of the people throughout the country lie. The CPC Central Committee has a firm determination in this respect. It is careful and very thoughtful with regard to the specific steps, policies, and measures to be taken. It has also attached importance to practical results. The proposal on the Seventh 5-Year Plan adopted by the National Conference of Party Delegates is a programmatic document that demonstrates the party's determination and guiding principles.

In accordance with the spirit of the "decision" adopted by the 3d Plenary Session of the 12th CPC Central Committee and the "proposal" approved by the National Conference of Party Delegates, we should place reform before everything else, and continue to march along the path opened up a year ago. We should constantly sum up practical experience and discover problems promptly. We will surely be successful. History will prove that socialism with Chinese characteristics has boundless vitality. It will make us prosperous and powerful.

GUANGMING RIBAO ON ECONOMIC REGULATORY SYSTEM

HK211445 Beijing GUANGMING RIBAO in Chinese 12 Oct 85 p 3

[Article by Sun Xuewen: "Establish a Coordinated and Flexible Economic Regulatory System"]

[Excerpts] The CPC Central Committee has suggested that in the Seventh 5-Year Plan period China should lay the foundation for a new type of socialist economic structure with Chinese characteristics. However, the establishment of a coordinated and flexible economic regulatory system represents an important pillar in building a new type of economic structure.

Management Mainly Based on Direct Control Should Gradually Be Replaced by Management Mainly Based on Indirect Control

To be specific, establishing a coordinated and flexible economic regulatory system refers to the switch from relying mainly on direct control to relying mainly on indirect control in enterprise management. This represents a major change in China's economic management methods and an important indication of the establishment of a new socialist economic structure.

To achieve the switch from direct control to indirect control, it is necessary to do a good job in the following three aspects: 1) The methods of direct control should be reduced. This includes a reduction in mandatory planning, the separation of the functions of government and enterprises, an end to direct intervention by administrative organs at various levels in the activities of enterprises, including production, supply, and sales, and a vigorous cut in superfluous administrative companies. 2) We should bring into play the regulatory role of various economic levers, principally the role of price, finance, taxation, credit, interest rate, and exchange rate. 3) We should establish a macroeconomic control system under which indirect control plays a leading role. In this respect, numerous problems will have to be explored.

In my view, it is still most important to achieve a comprehensive balance in the national economy as a whole, with the balance between aggregate social resources, aggregate production capacity, and aggregate social demand as the main content and with the production, distribution, exchange, and consumption of aggregate social products and national income as the nucleus. It also includes the balance between production and demand, between resources and production, between accumulation and consumption, between production and life, between investment in fixed assets and national capability, between consumption level and production growth, between state revenue and expenditure, between credit receipts and payments, between material supply and consumption, between foreign exchange receipts and payments, and between purchasing power and commodity supply.

This is a fundamental condition to ensure the harmonious proportions of the national economy, the stability of economic life, and the smooth progress of the economic restructuring. If we give up the work of achieving a comprehensive balance, we shall forfeit the superiority of the planned socialist economy. If we rely only on economic parameters to regulate the economy, we shall be doing the same thing as in capitalist macroeconomic control. Establishing a macroeconomic control system mainly based on indirect control does not mean a negation or abandonment of the above-mentioned comprehensive balance of the national economy. Nor does it mean that the state need not formulate plans for economic and social development. It means, however, that in achieving the above-mentioned balance and fulfilling the state plans, we should no longer adopt the method of assigning all-inclusive mandatory planning to economic units but should principally rely on economic levers, policies, and measures.

For example, in order to control the scale of investment in fixed assets, we can adopt various measures, such as collecting investment and construction taxes, reducing the amounts of state and bank loans, restricting the amounts of foreign loans, and absorbing the surplus funds of enterprises. We can also stipulate that the special funds of various units should be used for special purposes and deposited in the bank in advance, and that in setting up new industries, it is necessary to conform to the state plans and trade requirements, to ensure the sources of energy and raw materials, and to meet various standards, including scale, output, quality, and technology. Moreover, in order to control the growth of consumption funds, we can adopt various other measures, such as collecting taxes on excess wages and bonuses and progressive personal income tax, and stipulating that enterprises should retain special funds for special purposes and strictly implement financial and economic discipline. We should strengthen the supervisory role of banks and, if necessary, adopt various methods, such as increasing taxation and issuing national bonds, in order to reduce the surplus funds of enterprises. In this way, we can effectively prevent "premature overheating in consumption" and bring expanding consumption funds under control.

Certain Conditions Should Be Created To Facilitate Changes in the Regulatory Mechanism

To achieve a switch from the predominance of direct control to that of indirect control in the macroeconomic regulatory mechanism, there must be particular conditions and a particular environment. To be overanxious for rapid success often leads to a loss of macroeconomic control.

In order to establish a coordinated and flexible economic regulatory system and to correctly apply various regulatory means, we should pay attention to the following issues:

First, in applying various economic means we should proceed from reality and base ourselves on the objective laws. Application of an economic means may be successful or may end in failure. The key lies in whether or not we proceed from reality and base ourselves on the objective laws. If we conduct investigation and study, proceed from reality, make both quantitative and qualitative analyses, and base ourselves on the objective laws, we shall attain relatively satisfactory results. Otherwise we shall end in failure.

Second, we should handle well the relationship between objective and means and apply various economic levers to achieve the objective. Only by closely integrating application of various economic levers with the objective of socialist production and the requirements of the macroeconomy is it possible for us to apply various economic means purposefully and to give effect to their role correctly.

Third, we should apply economic levers in a coordinated and comprehensive way. Different economic levers have different economic categories and different functions. For this reason, they are not entirely interchangeable. The functions of different levers may be the same or different. Each lever regulates socioeconomic operations from a different aspect and each displays its role in coordination with other regulatory means. The development of the social national economy is caused by various factors and, therefore, should also be controlled by various related factors. Consequently, economic levers should be applied in a coordinated and comprehensive way.

Fourth, we should properly apply various economic levers and take into consideration what various quarters are able to bear.

There are numerous economic relationships and interests between macroeconomy and microeconomy, between centralism and decentralism, between planning and market, between exercise and relaxation of control, between uniformity and flexibility, between overall situation and independent character, between central and local authorities, between the state and enterprises, and between the state and the individual. In order to correctly handle the above-mentioned economic relationships and interests, we should adopt the policy of overall consideration and all-round arrangement. We should not emphasize one aspect to the neglect of another. When rectifying an erroneous tendency, we should avoid the emergency of another. The national economy is an organic entity containing internal links and proportional relations. It is also a combination of contradictions. In applying regulatory means we virtually destroy the original contradictions and form new ones. At the same time, we also regulate the economic relationships and interests of the above-mentioned targets of regulation. Therefore, in order to apply various regulatory means correctly, we should identify proper points of connection in the unity of contradictions and discover regular patterns from them.

XINHUA Commentator on Correcting Party Style

OW210620 Beijing XINHUA Domestic Service in Chinese 0046 GMT 21 Oct 85

[XINHUA commentator: "View Party Style Realistically, Correct Party Style Confidently"]

[Text] Beijing, 21 Oct (XINHUA) -- To assess our party style from a realistic viewpoint and correct it with confidence is an important question we must solve while studying the documents of the National Conference of Party Delegates.

As in viewing all things, we must apply the law that one divides into two in realistically assessing party style. It should be noted that there has been a primary aspect of achieving a marked improvement in party style in recent years, as well as a secondary aspect of failing to achieve a marked improvement.

There are three points showing the primary aspect of achieving marked improvement in party style.

First, we have reviewed the Marxist ideological line, and the attitude of seeking truth from facts prevails throughout the party. The discussion on practice being the sole criterion for verifying truth has produced a far-reaching influence, and the fine style of proceeding from reality in everything is being carried forward. Such evil practices as blindly obeying superiors, books, and superstitions, and engaging in false, boastful, and empty talk, which were rampant during the "Great Cultural Revolution," are now despised by the people. It is precisely because of the prevailing attitude of seeking truth from facts that we have been able to overcome mounting difficulties and dangers, eliminate chaos and restore order, carry out reform in all fields, and make our country embark on the road of resurgence, and our socialist modernization drive surging ahead vigorously since the convening of the 3d Plenary Session of the 11th CPC Central Committee. This situation is incomparable with what was happening during and, much more encouraging than that, before the "Great Cultural Revolution."

Second, we have formulated a series of correct principles and policies, and an air of reform is sweeping the whole party. Under the premise of upholding the four fundamental principles, our independent foreign and domestic policies of opening to the outside world and invigorating the domestic economy, which are in keeping with democracy and the legal system, have proved correct in the course of practice, conforming with the demand for developing social productive forces and reflecting the aspirations of the people of all nationalities in the country. With our efforts to improve the socialist system by carrying out the series of reforms, we are building socialism with distinctive Chinese characteristics.

While the great achievements in China's rural reform are attracting worldwide attention, the comprehensive reform of the entire economic system, focusing the urban economy, is being gradually unfolded. The practical experience in reform has proved, and will continue to prove, that the program and political line of striving to create a new situation in all fields of socialist modernization, which was formulated by the 12th CPC National Congress, is entirely correct.

For many years, especially during the "Great Cultural Revolution," we suffered enough hardships from "taking class struggle as the key link." Since the convening of the 3d Plenary Session of the 11th CPC Central Committee, the whole party has shifted the focus of work to socialist modernization, and concentrated efforts on carrying out reforms and developing social productive forces, with one heart and one mind. The situation is incomparable with that during, and better than that before, the "Great Cultural Revolution."

Third, we have restored normalcy in our inner-party life by stressing both democracy and centralism, and an atmosphere of succession of old cadres by the new, and cooperation between the two, is prevailing throughout the party. Owing to efforts made since the 3d Plenary Session of the 11th CPC central committee to adhere to a correct organizational line, we have been able to get rid of abnormality in our inner-party life over a long period and have returned to the Marxist course. Democratic centralism is strictly reinforced, and the practice of "one person alone having the say" and of everyone going on his own way eliminated in the work of the Central Committee, its Political Bureau, the Standing Committee of the Political Bureau, and the Central Secretariat. All important policy decisions of the party Central Committee have been collectively made after repeated discussions and extensive solicitation of opinions, in some cases from the democratic parties and patriots without party affiliation, and then at meetings called by the central authorities in accordance with the provisions of the party constitution. With an unprecedentedly lively democratic life, a large number of local party organizations have also remarkably improved their inner-party political life. It is worthy of record that the new practice pioneered by a number of veteran comrades taking the lead in abolishing life tenure for leading posts has promoted the reform of the cadre system, and smoothed the succession process of old cadres by the new and their cooperation over the past few years. All of this is incomparable with what was happening both during and before the "Great Cultural Revolution."

Of course, there are still quite a few problems existing in our party style, especially those having cropped up under the new conditions. A handful of party members and member-cadres, including a few veteran party members and cadres, followed the practices of abusing positions and power to seek personal gain, and pursuing special privileges, assuming an irresponsible attitude to work by resorting to formalism and bureaucracy, or indulging in extreme individualism and anarchism, regardless of party organization and discipline. These problems explain that bringing about a fundamental change for the better in party style remains an arduous task.

The aspect of marked improvement and that of failure to achieve a marked improvement do not stand on the same scale. It should be emphatically pointed out that the aspect of marked improvement is a prevalent factor in our party style, and will certainly continue to grow, while the aspect of failure to achieve marked improvement is a secondary factor in our party style. Our party is taking measures to correct these unhealthy tendencies, which are against party rules and regulations and cannot be tolerated by our party. It is precisely because of the primary aspect of marked improvement in our party style that the work of the whole party, in the nearly 7 years since the convening of the 3d Plenary Session of the 11th CPC Central Committee, has been, in general, good and has given strong impetus to the building of socialism, both materially and spiritually. As Comrade Hu Yaobang pointed out in his opening speech at the National Conference of Party Delegates, "The 7 years have been one of the best periods of economic and political development since the founding of the republic."

It is imperative to view party style realistically and according to the law that one divides into two. Otherwise, by looking at only the secondary and negative aspect and ignoring the primary and positive aspect, we may forfeit our confidence in correcting party style. By the same token, by looking at only the primary and positive factor, and ignoring the secondary and negative factor, we may also assume a casual attitude to the correction of party style. We must strive to avoid the two extremes.

The recent National Conference of Party Delegates has stressed the necessity of further correcting party style. Comrade Deng Xiaoping said: "The improvement of party style is the key to improving general social conduct." Comrade Chen Yun said: "Improving party style remains a major task of the whole party." We must adopt practical and effective measures to correct party style, an important issue having a vital bearing on our party. As long as the whole party pays close attention to strengthening education, reinforcing discipline, and strictly running the party, we shall certainly be able to achieve the goal of bringing about a fundamental change for the better in party style.

SUBSTANDARD TELEVISION ASSEMBLY FACTORIES CLOSED

HK110715 Beijing RENMIN RIBAO in Chinese 5 Oct 85 p 2

[Report: "More than 70 Television Assembly Factories in Wuxi City Stop Producing Substandard Goods"]

[Text] While investigating and reorganizing 86 television assembly factories (depots), Wuxi City found that the quality of products produced by more than 70 factories (depots) were not up to standard. They have been ordered to cease production.

Over the past 2 years, the production of television assembly factories in Wuxi City has been developing fairly rapidly. Apart from the state-operated assembly factories, the city electronics instrument and meter department, light industrial department, machinery department, communication department, labor department, educational department, the city trade union, PLA units stationed in the city, a number of suburban enterprises and enterprises run by towns and townships also vied with one another to establish assembly factories (depots), bringing the total up to 86.

These assembly factories (depots) mainly produced 14-inch black-and-white television set, with maximum monthly production output of more than 10,000 sets and minimum production output of 200 to 300 sets. Most of these factories (depots) lacked testing and measuring facilities, and did not possess the conditions for producing television sets. Some factories (depots) bought fittings and parts independently. The quality of their products could not be guaranteed. Xinlian Company in Wuxi County bought substandard fittings and parts valued at 118,000 yuan from Shanghai's No 1 television set factory to assemble televisions sets. This severely infringed upon the interests of consumers.

Starting from the second quarter of this year, on the basis of comprehensive investigations and sample examination, the electronics bureau of Wuxi City decided to stop the production of those interim assembly factories (depots) under it. In mid-July, the city government decided that all interim assembly factories (depots) should cease production and be reorganized. All substandard products should no longer be sold. In addition, "regulations on readjusting the production of television sets" were worked out. Production without a trade mark is banned. Imitations are not allowed to enter the market.

RENMIN RIBAO Praises Move

HK110719 Beijing RENMIN RIBAO in Chinese 5 Oct 85 p 2

[Commentator's article: "This Operation Has Been Performed Well"]

[Text] In the course of extensively investigating product quality, Wuxi City consolidated and reorganized 86 television set assembly factories (depots). It made a prompt decision to close more than 70 of them. The work was well done and enjoyed popular support.

Poor product quality and high material consumption is a long-standing and old problem in our industrial production. If we try hard, the problem can be solved. However, if we relax our efforts, the old problem will occur again. In recent years, due to the fact that some areas or enterprises only sought output value and speed, and that they only thought of making profits, enterprises whose technological and management level was low produced a large quantity of low-quality products. Producing low-quality products that consume a great deal of energy and raw and processed materials is tantamount to wasting the wealth of society. Therefore, curing this disease once and for all is an urgent task. It is time to perform the operation.

Correcting enterprises' guiding thought for business management is what we call effecting a permanent cure. The problem of product quality is connected with various factors such as technology, management, labor discipline, the quality of workers and staff members, and so on. But the most important is the guiding principle for the business management of enterprises. Socialist enterprises should on no account forget the purpose of serving the people wholeheartedly and being responsible for consumers. In recent years, our purpose in opening up to the outside world and enlivening the domestic economy is to develop production and satisfy the increasingly high demand of the people in their material and cultural life. Our state-operated industrial enterprises, collective enterprises, and individual producers should stick to this business orientation. They should ensure that substandard products will not leave the factories, and that they will not enter the market.

Making use of legal means and strengthening control and supervision over quality is what we call suiting the medicine to the illness. Practice at home and abroad has shown that with more development of commodity economy, stricter demands should be placed on management and supervision over product quality. While carrying out our economic activities, we should constantly strengthen the concept of doing things according to economic law. State-operated enterprises, collective enterprises, and individual producers should produce their products in accordance with the stipulations concerned. Where there are standards set by the state, products should be manufactured according to these standards. Where there are no standards set by the state, products should be manufactured according to standards set by the specialized trade. Where the standards set by the state or specialized trade are not available, they should carry out production according to the standards approved by the departments concerned. In a word, we should exercise strict control and supervision over the usefulness and safety of products and other technical and economic indexes.

While actively supporting and correctly guiding enterprises run by towns and townships, we should exercise control and supervision over the quality of their products. At present, more problems have occurred with regard to control over product quality of some enterprises run by towns and townships. Some enterprises lack testing equipment and their quality control system is far from perfect. In addition, there are no supervisory institutions at the higher levels. Therefore, large numbers of low-quality products have entered the market. The problem is very serious. Industrial leading departments in various localities should grasp this matter. Supervisory work should be carried out by various departments concerned.

YANG SHANGKUN SPEAKS AT YOUTH GAMES CLOSING

OW200020 Beijing XINHUA Domestic Service in Chinese 1635 GMT 18 Oct 85

["Text" of speech by Yang Shangkun, member of the Political Bureau of the CPC Central Committee, at the closing ceremony of the first national youth sports meet]

[Text] Zhengzhou, 18 Oct (XINHUA) -- After fierce competition for more than 10 days, the first national youth sports meet ended today. On behalf of the party Central Committee and the State Council, I extend my warm congratulations on the meet's successful conclusion, as well my heartfelt thanks for the enthusiastic support given the meet by the Henan Provincial CPC Committee, the provincial government, and the people of Henan Province.

The sports meet, the first sports gathering for the youngsters since the founding of New China, was an overall review of China's sports reserve forces. Demonstrating unity, good style, noble ideals, and observing discipline, the large numbers of young sportsmen fought tenaciously in setting a number of outstanding records. The great number of talented reserve forces have displayed the mental outlook of the new generation of people. Youths are the future of the motherland. Like all of you, I heartily rejoice at having these successors to undertaking physical culture in our country.

More gratifying is the keen interest shown by the people in central China, and even in the whole country, toward the meet. Youth sports has attracted the attention and concern in all circles, receiving extensive popular support. Mass enthusiasm for youth sports will not only promote the development of physical culture but also give a strong impetus to building socialist civilization in both its material and spiritual aspects. It is hoped that party and government organizations at various level will pay greater attention to mass sports activities and train more outstanding athletes among young people. I also hope that youngsters throughout the country will actively take part in sports activities and develop yourselves in all-round way -- morally, intellectually, and physically. Young athletes, you must encourage ambitious goals, set strict demands on yourselves, work hard, and become the vanguards in scaling new heights in world sports.

To build our country into a sports power is a call of the party Central Committee and common aspiration of the people of all nationalities in the country. So long as we try our utmost, we will be able to reach this goal and realize the aspiration of the people of the whole country.

Officials at Zhengzhou Games

HK190411 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 18 Oct 85

[Excerpts] The first national youth and juvenile sports meet concluded in Zhengzhou on the evening of 18 October. At 1930, Yang Shangkun, Yang Xizong, Lu Zhengcao, Li Menghua, Chi Haotian, Li Xuanhua, Liu Zhengwei, He Zhukang, Zhao Di, Zhang Shude, Song Yuxi, Han Jingcao, Xu Yinsheng, Zhan Jingwu, and (Zhou Shiyuan) arrived at the presidium. Xi Yinsheng, vice chairman of the State Physical Culture and Sports Commission, presided at the closing ceremony.

XI ZHONGXUN ATTENDS NATIONALITIES SPORTS MEET

OW201923 Beijing XINHUA Domestic Service in Chinese 1229 GMT 20 Oct 85

[By reporters Liu Linchun and Fang Guanming]

[Excerpts] Beijing, 20 Oct (XINHUA) -- The first traditional sports meet of various nationalities in Beijing Municipality was concluded this morning. Xi Zhongxun, member of the Political Bureau of the CPC Central Committee; Yang Jingren and Burhan Shahidi, vice chairmen of the CPPCC National Committee; and Chen Xitong, mayor of Beijing Municipality; attended the closing ceremony at the Beijing Workers' Gymnasium along with more than 10,000 spectators.

The sports meet began on 8 September. A total of 2,443 athletes in the Beijing area took part in various matches and performances. Among them were 1,751 athletes of Hui, Manchu, and 33 other minority nationalities.

In a speech delivered at the closing ceremony, Feng Mingwei, vice mayor of Beijing Municipality and chairman of the organizing committee for the sports meet, said; This sports meet is a grand gathering that signifies the great unity of the people of different nationalities in the Beijing area. It has had a positive effect on the implementation of the party's policy on nationalities, the prosperity of our national culture, the development of mass physical culture and sports of various nationalities, and the building of socialist spiritual civilization in the capital.

HU YAOBANG WRITES NAME FOR NEW YANTAI UNIVERSITY

OW200808 Beijing XINHUA in English 0736 GMT 20 Oct 85

[Text] Yantai, October 20 (XINHUA) -- A new university -- the Yantai University, was inaugurated here today. Chinese Communist Party General Secretary Hu Yaobang wrote the name of the university in his own hand writing.

Yantai, on the northeast tip of Shandong Province, is one of the 14 coastal cities that last year were granted greater decision-making powers on foreign investment and trade. Enrolling nearly 1,000 students, the university runs 11 departments, including economic management, chemical and mechanical engineering, biology, mathematics, physics, jurisprudence, Chinese language and literature, and foreign languages and literatures.

Zhang Chengxian, president of the Education Society of China, serves as the university's honorary president. Professor Shen Keqi, deputy director of Beijing University's Administrative Affairs Committee, was appointed president.

DENG YINGCHAO VISITS FORMER HOME IN CHONGQING

OW191425 Beijing Domestic Service in Mandarin 2230 GMT 17 Oct 85

[Excerpts] Deng Yingchao, chairman of the CPPCC National Committee, revisited the mountain city of Chongqing, where she lived and worked, from 10 to 14 October. During the second cooperation period between the Kuomintang and the Communist Party in the war of resistance against Japan, Comrades Deng Yingchao and Zhou Enlai worked together with other older-generation revolutionaries in Chongqing for a long time in promoting the development of the united front and contributing to the victory of the war against Japan. During her recent stay in Chongqing, Deng Yingchao revisited the former sites of the Southern Bureau of the CPC Central Committee and of the Eighth Route Army Office in Chongqing, and (Hongyan) Revolutionary Memorial Hall.

DENG YINGCHAO INSPECTS GEZHOUBA PROJECT

HK190305 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 18 Oct 85

[Text] National CPPCC Chairman Deng Yingchao inspected the Gezhouba project on the Chang Jiang yesterday morning. She said: I was very happy to listen to the explanation of this great project of yours. This is a tremendous project. She demanded that certain problems be gradually solved in the course of construction, to provide reference for future projects. Also present were Yang Dezhong, first deputy director of the General Office of the CPC Central Committee; Shen Yinluo, deputy secretary of the provincial CPC Committee; Li Wei, chairman of the provincial CPPCC; (Ma Jie), secretary of Yichang Prefectural CPC Committee; and responsible comrades of Yichang City and the project engineering bureau.

YANG SHANGKUN VISITS PLA UNITS IN EASTERN HENAN

OW201048 Beijing XINHUA Domestic Service in Chinese 1204 GMT 19 Oct 85

[Excerpts] Zhengzhou, 19 Oct (XINHUA) -- Yang Shangkun, member of the Political Bureau of the CPC Central Committee and vice chairman of the Standing Committee of the Central Military Commission, called on commanders and fighters of a certain PLA unit in eastern Henan Province on the morning of 17 October.

After visiting an exhibition of the history of a certain regiment, Yang Shangkun happily wrote an inscription and called on the commanders and fighters to continuously carry forward the revolutionary tradition and work hard for the Army's regularization and modernization. Escorting Yang Shangkun during his visit to the PLA units were Zhang Zhen, former deputy chief of General Staff of the PLA; Chi Haotian, political commissar of the Jinan Military Region; and leading comrades of the Henan Provincial CPC Committee.

Visits Military Schools

HK200131 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 19 Oct 85

[Excerpts] This morning Yang Shangkun, member of the Political Bureau of the CPC Central Committee and permanent vice chairman of the Central Military Commission, and Comrades Zhang Zhen and Chi Haotian inspected the PLA Anti-aircraft Gun School and reviewed a parade there. He was accompanied by (Wang Huiqi), commander of the school, and (Liu Kuixi), political commissar.

On 17 and 18 October, Comrade Yang Shangkun inspected the PLA engineering technology college and a certain aviation unit of the Jinan PLA units. While inspecting the latter unit, Comrade Yang Shangkun cordially received its commanders and fighters, and pointed out: At present the units must get a good grasp of studying the spirit of the three central meetings. In conjunction with implementing the spirit of the enlarged meeting of the Central Military Commission and in connection with realities in the units, they must study the important speeches of Deng Xiaoping and other leading comrades, and do a good job in structural reform, streamlining, and reorganization.

Yang Gives Instructions

HK210137 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 20 Oct 85

[Excerpt] According to HENAN RIBAO, Yang Shangkun, permanent vice chairman of the Central Military Commission, said when inspecting the Henan Military District on 19 October: In the future it is necessary to reduce the number of people involved in militia training and shorten the time, so as to lighten the masses' burdens.

Comrade Yang Shangkun arrived in the rain at 1700 to inspect work in the organs of the military district. Zhan Jingwu, commander of the military district, gave a detailed report on the situation in party rectification, streamlining and reorganization, and militia work. Comrade Yang Shangkun frequently nodded in agreement with this report. When commander Zhan reported how the military district has this year acted in accordance with General Secretary Hu Yaobang's comment that too many people are involved in militia training and it takes too long and imposes an excessive burden on the masses, and has greatly reduced three things -- the numbers involved, the time, and the masses' burden -- Comrade Yang Shangkun said happily: In the future the basic guideline for militia work is to implement this comment of General Secretary Hu, reduce the numbers involved and shorten the training time, so as to lighten the masses' burdens.

How is militia work to be carried out after these three reductions? The provincial military district has nourished arms through labor, made full use of the existing training grounds, generated cash through production, and increased the militia's self-supporting capability. The military district has also grasped the training of specialist and technical militia and use the limited money at the crucial points, thus improving the quality of the Army's reserves.

ZHANG AIPING SPEAKS AT ARTILLERY CORPS MEETING

OW151023 Beijing Domestic Service in Mandarin 1600 GMT 14 Oct 85

[Text] Speaking at the enlarged meeting of the CPC Committee of the II Artillery Corps on 14 October, Zhang Aiping, deputy secretary general of the Central Military Commission, pointed out that it is necessary to vigorously strengthen political and ideological work in order to build modern armed forces. He said: Modern weapons should be controlled by highly politically conscious people. Influenced by various nonproletarian ideas, some people have indulged in seeking pleasure, fame, and personal gains, and practicing individualism. All armed forces units should do good ideological work by placing emphasis on these problems. We should educate our cadres and fighters to serve the people wholeheartedly and devote themselves to the communist cause. He stressed that cadres in charge of political work should first serve as models in carrying out the party's lines, principles, and policies. They should motivate the people by practicing what they preach.

HAO JIANXIU, OTHERS VISIT XINJIANG MILITARY AREA

HK130712 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 10 Oct 85

[Excerpts] On the morning of 10 October, Hao Jianxiu, Seypidin, Burhan Shahidi, Tao Zhiyue, Zhou Wenyuan, Li Qing, Wang Guoquan, Ren Ying, and (Chen Xin), deputy heads of the central delegation, and all others members of the delegation went to the Xinjiang Military District and the leadership organs of the Xinjiang Armed Police Corps to pay comfort visits to commanders and fighters.

At 0900, when the comrades of the central delegation arrived at the military district hall, they were warmly welcomed by leading comrades of the military district Wang Enmao, Xiao Quanfu, Tan Shanhe, Liu Haiqing, and (Tan Guangcai) and commanders and fighters. At a meeting welcoming the central delegation, Zhou Wenyuan, deputy head of the delegation and deputy director of the General Political Department of the PLA, delivered an enthusiastic speech.

In his speech, Zhou Wenyuan highly valued the achievements made by the Armed Forces in Xinjiang in building a revolutionary, modern, and regular Army. He expressed the hope that the Armed Forces in Xinjiang would earnestly study and implement the spirit of the National Conference of Party Delegates, carry out all tasks put forth by the conference in connection with the practical situation in the Armed Forces, and do a good job in Army building. He demanded that the Armed Forces in Xinjiang vigorously strengthen ideological and political work, and properly build socialist spiritual civilization to ensure the fulfillment of the task for streamlining and reorganizing the Armed Forces.

When the comrades of the central delegation arrived at the headquarters of the Xinjiang Armed Police Corps, they were warmly welcomed by the leaders of the corps, (Xue Guang), (Lie Shande), and (Su Ming).

The regional leaders who accompanied the central delegation to visit the Xinjiang Military District and the Xinjiang Armed Police Corps included Ismail Amat, Tomur Dawamat, Li Jiayu, Janabil, Song Hanliang, and Amudun Niyaz.

AIR FORCE DEPARTMENT RECTIFIES WORK STYLE

OW101247 Beijing XINHUA Domestic Service in Chinese 0204 GMT 8 Oct 85

[By reporters Liu Yong and Cai Shanwu]

[Excerpts] Beijing, 8 Oct (XINHUA) -- The Air Force Logistics Department has achieved good results in using its advanced models to conduct education in party spirit in a lively manner in the second-stage party rectification process. Taking the advanced models as their examples, party members in the department are able to turn down well-paid jobs in other units and act honestly despite their advantages of being in a favored position.

The logistics units began party rectification last March. At the beginning, the Air Force Logistics Department Party Committee pointed out: The second-stage party rectification units, which handle money and materials, have turned out a large number of advanced models in serving other military units. Their advanced deeds and lofty ideas of serving the people wholeheartedly are good teaching material for education in party spirit. Because their day-to-day experiences are like ours, good results can be achieved by learning from them.

As a result of the education in party spirit, party members in the second-stage party rectification units were able to combat unhealthy practices conscientiously, to act honestly in performing official duties, and to proceed from the interest of the revolution in dealing with matters concerning themselves. The work of many party members in the units required them to deal with many civilian collectives and individuals on a regular basis. Taking the advanced models as their examples, they resisted the temptation of money with the healthy spirit of a communist.

HUNAN HOSTS MEETING ON DUAL-PURPOSE PLA TALENT

HK220523 Changsha Hunan Provincial Service in Mandarin 1100 GMT 20 Oct 85

[Excerpts] A national on-the-spot symposium on the exploitation and employment of dual-purpose talented persons among demobilized servicemen opened in Qidong County today. The meeting has been jointly convened by the Ministry of Civil Affairs and the General Political Department of the Central Military Commission. The meeting is being attended by responsible comrades of civil affairs departments of all provinces, municipalities, and autonomous regions, general departments of the Central Military Commission, the various branches of the Armed Forces, the National Defense Science, Technology, and Industry Commission, the Armed Police, military regions and provincial military districts, and departments concerned, together with representatives of some advanced units and individuals in PLA training of the local exploitation and employment of dual-purpose talent, totalling over 200 persons.

Yang Chen, vice minister of the Ministry of Civil Affairs, presided at the opening of the meeting. (Zheng Yimin), acting director of the Resettlement Bureau of the ministry, made the opening speech. After introducing the basic situation in the nationwide exploitation and employment of dual-purpose talent among ex-servicemen, he said: This meeting should be guided by the spirit of the National Conference of Party Delegates. It should seriously study the utterances of leading comrades of the CPC Central Committee, State Council, and Central Military Commission on training and employing dual-purpose talent, further enhance understanding, sum up experiences, have a clear idea of the orientation, and strive to serve the four modernizations drive.

Liu Fusheng, deputy secretary of the provincial CPC Committee, warmly welcomed the participants on behalf of the provincial CPC Committee, government, and military district, and the party, government, and Army organs of Hengyang City.

Zhang Zhongxian, political commissar of Guangzhou Military Region, also spoke at the meeting. He praised local exploitation and employment of dual-purpose talent among ex-servicemen as an effective stimulus for the PLA units to train such personnel and also as a great support for structural reform, streamlining, and reorganization in the PLA.

(Luo Yuelin), secretary of the Qidong County CPC Committee, introduced the county's experiences in exploiting and employing such talented ex-servicemen. These experiences were appreciated by the participants.

Retired Servicemen Employed

OW201913 Beijing XINHUA Domestic Service in Chinese 1237 GMT 20 Oct 85

[By reporter Zheng Guolian]

[Excerpts] Changsha, 20 Oct (XINHUA) -- Information obtained from the current national on-the-spot meeting to exchange experience in discovering and utilizing the talents of retired servicemen capable of doing civilian work in addition to military jobs reveals that as many as 500,000 retired servicemen have been employed in various localities of our country during the past year or so. Playing a significant role in the drive for the four modernizations, these retired servicemen have been welcomed by local people.

Upon returning to their native places, some of these retired servicemen have become grass-root cadres in rural areas; others were recruited as staff members or workers of state units or provided jobs in village and township enterprises. In addition, many of them were organized to run integrated economic establishments, undertook the work of exploratory productive projects of one kind or another, or formed specialized households of various trades. In the vast variety of professional fields, they were able to use to the maximum the scientific and technological knowledge, organizational and management skills, and professional expertise that they had learned and cultivated while working in PLA units.

According to surveys and statistics by the Ministry of Civil Affairs, nearly 1,000 counties, cities, and districts of 23 provinces, municipalities, and autonomous regions in the country have now established service organizations for discovering and utilizing the talents of retired servicemen who can do civilian work in addition to military jobs. Many counties and cities have formed networks of employment agencies at the three levels of counties, townships, and villages. All these have contributed to the smooth progress of the work of discovering and utilizing the talents of retired servicemen.

The national on-the-spot meeting to exchange experience in discovering and utilizing the talents of retired servicemen capable of doing civilian work in addition to military jobs is being held in Qidong County, Hunan Province.

PLA CADRES TRANSFERRED TO CIVILIAN EMPLOYMENT

OW100001 Beijing XINHUA Domestic Service in Chinese 0806 GMT 7 Oct 85

[By reporter Gai Yumin and correspondent Lu Wenqi]

[Excerpts] Beijing, 7 Oct (XINHUA) -- In the course of carrying out the Army's reduction-in-force and reorganization program, the first batch of cadres transferred to civilian employment have been turned over to the civilian departments. By the end of September, various localities throughout the country had accepted 99.7 percent of the total number of Army cadres who are being transferred to civilian jobs.

The smooth turnover of the Army cadres transferred to civilian jobs is an important step in accommodating those cadres who have stepped down in the course of carrying out the Army's reduction-in-force and reorganization program. Since July, various localities in the country have regarded the acceptance of the Army cadres transferred to civilian jobs as their actual task in implementing the strategic policy decision by the party Central Committee and the Central Military Commission to streamline and reorganize the Army. They have overcome difficulties and made arrangements to place the cadres who have left the Army.

Currently, various localities throughout the country are strengthening their efforts to assign civilian jobs to demobilized cadres on the basis of their skills or capabilities, or to give them the necessary job training.

Yunnan Province has made proper early arrangements to place the 67 wounded and disabled cadres being transferred to civilian jobs. All had participated in the self-defensive counterattack against Vietnam. Tianjin City held a meeting in late August to announce the particular job skills of more than 500 Army cadres being transferred to civilian jobs. More than 400 cadres were offered jobs in less than a day. On the basis of the principle of training the cadres first before giving them jobs, various localities plan to train demobilized cadres for 6 months or so in order to help them effect a smooth change from their Army assignments to their various civilian jobs.

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CHINA
PRC NATIONAL AFFAIRS

JIEFANGJUN BAO STRESSES IDEOLOGICAL WORK IN ARMY

OW121426 Beijing Domestic Service in Mandarin 2230 GMT 11 Oct 85

[Text] JIEFANGJUN BAO today frontpages a commentator's article titled "Strengthen Ideological-Political Work To Promote Spiritual Civilization."

The article points out: The most fundamental point in strengthening the ideological-political work in the Army is to do a good job in conducting the education in adhering to the "four cardinal principles" and in the "four have's." If the education in these two aspects is truly successful, the cadres' and fighters' patriotic spirit, conviction in communism, and sense of organization and discipline will be greatly strengthened and enhanced.

JIEFANGJUN BAO BEGINS 'OUR RESERVE FORCE' COLUMN

OW130541 Beijing Domestic Service in Mandarin 2230 GMT 12 Oct 85

[Text] As of 13 October, JIEFANGJUN BAO begins a new special column, "Our Reserve Force," as a section for reporting the construction work of reserve service units and military training of college and middle school students.

On 13 October the column carries a report on military training being given on a trial basis to college and middle school students in the Beijing area under the title "Our Youths Love Arms."

PLA HERO SPEAKS TO JIEFANGJUN BAO ON CPC MEMBERS

OW201019 Beijing XINHUA Domestic Service in Chinese 1530 GMT 17 Oct 85

[Excerpts] Beijing, 17 Oct (XINHUA) -- On his understanding of the role of party members, Sheng Qishun, a PLA hero and winner of the first-class merit, said: A party member should obey the words of the party as a devoted followers would, act and speak in such a way as to bring honor to the party and win applause from the masses for the party, and be the first to suffer and the last to enjoy himself in both wartime and peacetime.

He was speaking on his understanding of the exemplary role of party members to a JIEFANGJUN BAO reporter in a hospital recently.

Admitting his past prejudice against the party, Sheng Qishun said: I used to see only bad party members and their bad performances. However, in reality, just as there are many good people in the world, there are many good Communist Party members. The bad ones represent only a very small percentage.

In conclusion, Sheng Qishun remarked: Although somewhat different, both wartime and peacetime mean the same to a Communist Party member in terms of what is required of him. How can he, unlike on the battlefield, be the first to enjoy himself and the last to suffer in time of peace? If all the party members can preserve their battlefield spirit, I believe the party style will improve radically to the benefit of the Communist Party's prestige.

ECONOMIST XUE MUQIAO DEALS WITH PRICE HIKES

HK181155 Beijing RENMIN RIBAO in Chinese 10 Oct 85 p 2

[Article by Xu Muqiao: "A Talk With Consumers on the Question of Commodity Prices" -- capitalized passages published in boldface]

[Text] The paper ZHONGGUO XIAOFEIZHE BAO [CHINA CONSUMERS PAPER] has started publication. I wish to extend my congratulations and take this opportunity to say a few words to consumers on the question of commodity prices.

The question that concerns consumers most at the present time is commodity price increases. Because we blindly pursued a higher rate of development, for a long time in the past, our capital construction was overextended and the supply of the means of production fell short of demand. We developed heavy industry as a top priority at the expense of the growth of agriculture and light industry. As a result of this, the demand for many major consumer goods often exceeded supply. Under such circumstances, how to stabilize commodity prices has become a matter of concern for all people.

THERE WILL NOT BE A GENERAL PRICE INCREASE

Since the 3d Plenary Session of the 11th CPC Central Committee, we have reduced investment in capital construction and lowered the growth rate of heavy industry so as to give priority to the development of agriculture and light industry. As a result, the supply of consumer goods has been replenished considerably. There is a large stock of the most important consumer goods, such as grain and cotton cloth. Except for a small number of high-grade commodities, such as color televisions and refrigerators, consumer demand for most manufactured goods for daily use has been satisfied. The seller's market of some commodities (such as garments) has become a buyer's market; as a result of sharp competition among sellers, there have been no price hikes even though price controls were relaxed on these commodities. However, even with increasing improvement in the people's livelihood, the supply of such nonstaple foods as meats, fishes, poultry, eggs, and vegetables often still falls short of demand. In order to keep prices stable, the state has used the method of fixed-quota purchases and fixed-quantity supplies for these nonstaple foods in the past. Consequently, production increased very slowly while consumer demands grew very quickly. Since last year, we have step by step applied the policy of relaxing price controls from the south to the north of our country and carried out market regulation in enterprises run by the state, the collective, and the individual simultaneously. Just after controls were relaxed, prices rose sharply once. But when production increased and market supplies became ample, prices were naturally kept stable.

As regards prices of farm products, there is a discrepancy between peasants and workers. The peasants complain that prices of farm products are too low. If the purchase price is not raised, they are unwilling to increase output or even reduce it. The workers complain that prices of farm products are too high. The state dares not raise prices. It has no alternative but to limit supply. This has actually become an obstacle to the improvement of the people's livelihood. There is now a great demand for meat, poultry and eggs. To meet such demands, we have to develop pig-raising and poultry farming on a large scale. In the past, we could use greens and leftovers to feed two or three pigs and could use edible wild things to keep a small number of chickens.

However, now we have to use grain to feed hundreds of pigs and thousands of chickens. This increases production costs. If the purchase price is not raised a little, how can we have more meat, poultry and eggs? I once raised this question in the press. Probably this point of view is not acceptable to vast numbers of consumers. I think I have to repeat it once more. Some comrades fear that prices will rise again and again and will spiral. Such a situation will not happen. When the output is adequate, prices will be kept stable or even go down a little. This can also apply to the price of vegetables.

After prices of farm products are raised, will the prices of manufactured goods also increase? No, there will not be a general price hike. The prices of such goods as cotton cloth and food, which are made of farm products, will probably rise a little, but the prices of goods that are made of industrial raw materials will gradually go down. Are not the prices of chemical fabrics, radios, wristwatches, and western medicines lower than before? The prices of televisions, refrigerators, and washing machines cannot go down for the time being because there is still a great demand for them. When their output increases quickly in the coming years, their prices will gradually go down. A price increase in certain consumer goods will not naturally lead to a price rise in other consumer goods. There will not be a general price rise so long as there is no inflation.

IT IS NECESSARY TO TIGHTEN CONTROL OVER MARKETS

Consumers associations have many things to do. They must not oppose proper price increases, but should oppose improper price rises, particularly a price rise in a disguised form that sacrifices the quality of products. In the past state-run shops monopolized urban commerce while the supply and marketing cooperatives controlled rural commerce. However, the market became inflated and supplies were limited. After the enthusiasm of enterprises run by the state and the collective and individual traders was roused, market supplies became ample with each passing day. Some goods that could not be bought in the past are now available in markets. It must be said that this is a good phenomenon. However, on the other hand, our work of market management has lagged behind. Now artificially forcing prices up and producing and selling fake medicines are frequent occurrences. I have therefore repeated again and again that in carrying out market regulation, we must strengthen control over markets just as we should link the building of socialist democracy with that of the socialist legal system so that socialist democracy is institutionalized and codified into laws. The departments concerned in the government should assume the responsibility of tightening controls over markets in the first place. But apart from these departments, vast numbers of consumers should also supervise the work.

Now imitating brand-name goods is very common. What accounts for the occurrence? This is because a large number of factories that produce these imitations, and particularly factories run by the local authorities are backed by the departments of the local authorities; they can ignore those who rise in opposition to them. Why could the case of fake medicines in Jinjiang not be handled until higher authorities sent a working group to settle it? This is because these factories that produce fake medicines and dealers of fake medicines are protected. It can be said that imitation brand-name goods are too widespread to be controlled. It is impossible for higher authorities to expose and denounce all cases. On whom then, should we depend? We should depend on thousands and millions of consumers and urge them to expose and check these cases.

State bureaus of industry and commerce are responsible for market management. They should be given due power in this aspect. But we should not rely on them alone, because not all of them are the "incarnation of Duke Bao."

When I visited a town, I found that no "Daqianmen" brand cigarettes were available in any shop, but I saw a large number of hawkers peddling these cigarettes everywhere on the streets. Their price for each pack was 10 cents higher than government-fixed price and each pack of such cigarettes was forcibly paired up with another pack of unsalable low-quality cigarettes. I asked whether these hawkers were licensees. Those who accompanied me on the visit said that all of them were licensees. I asked again why the bureau of industry and commerce did not interfere. They hesitated and said on the quiet that most of these hawkers selling these cigarettes are relatives of cadres working at the bureau of industry and commerce or government-run shops. Instead of imposing a ban on them, they even gave them tips to quickly buy whenever the "Daqianmen" brand cigarettes are delivered to government-run shops. These shops sell these cigarettes to them at retail prices. As a result, their volume of business and profits increases and their capital turnover is speeded up so that they are able to receive more bonuses. Such a phenomenon can be seen in many places. Then, whom should we depend on to expose these cases. I think we must depend on consumers. So long as consumers come out to expose and denounce these cases and so long as these cases are reported in the press, they are likely to be handled in a proper way. Relatives of cadres are permitted to work as hawkers and we should not impose restrictions on them, but they should be law-abiding and should not be law-breakers.

Malpractices such as artificially forcing prices up, selling poor quality goods as good quality goods, and entrapping customers are now on the rise. The emergence of such malpractices is due to the imperfection of our legal system and management. Over these past years the number of individual traders and peddlers in our country has exceeded 10 million. Through their efforts, the market is booming. This is gratifying. However, among them there are a small number of profiteers, defrauders, discipline violators, and lawbreakers. Many local responsible institutions want to take measures against these people, but there are no relevant rules and regulations that they can follow. Meanwhile, some departments in charge are unable to fight against these people because they have their own problems. Some cadres do not hold identical views on this problem. They do not correctly implement the party's policies. Sometimes, they apply stern sanctions against them such as the unwarranted confiscation of licenses, imposing unreasonable fines and excessive levies, and encroachment on the due rights of individual traders and peddlers; sometimes, they are too lenient. For example, they do not collect taxes that they should collect. Many individual "10,000 yuan households" want to deliver taxes to the state but they do not know where they can deliver (rules for levying taxes on individual traders and peddlers have recently been worked out). Furthermore, there are more and more food poisoning incidents because no examination is made of the quality of meat, poultry and eggs. Because our supervisory work is very weak, there are also many cases of selling poor quality goods and imitations. Therefore, on the one hand, we must organize consumers associations to supervise and examine individual traders and hawkers; on the other hand, we must organize individual traders and hawkers associations to protect their legitimate interests and to educate them to observe laws. We must strengthen economic legislation, and improve the work of organs enforcing the law so that both administrative personnel and those who are subject to their administration keep themselves within the bounds of the law. There should be no disorder while we are invigorating the domestic economy.

CONTROL ACCUMULATION FUNDS AND CONSUMPTION FUNDS

I have repeated many times that there will not be a general price hike so long as there is no inflation. What we should do is only raise the prices of some commodities while lowering others and strive to maintain the basic stability of commodity prices as a whole. To prevent inflation is the key to stability of commodity prices. In recent years consumption funds have increased quickly, but the output of consumer goods has increased by a big margin, too.

Therefore, commodity prices have basically been kept stable because market supplies become more and more ample. The average increase of commodity prices per year was only about 2 percent during these years. This has seldom been seen in the world. However, since the fourth quarter of 1984, there appeared an unhealthy tendency, such as banks offering excessive credit, indiscriminate wage increases and the unwarranted issuing of bonuses by enterprises. Last year output increased by 12 percent; consumption funds rose 22 percent, with a more than 40 percent rise in the fourth quarter. This resulted in an over-issue of currency last year and has created certain strains on commodity supplies this year. As a result, except for manufactured goods for daily use, the prices of non staple food rose after we relaxed price controls according to plan. The prices in restaurants have somewhat increased too. Meanwhile, the supply of some manufactured goods for daily use has fallen short of demand. In order to increase the output in a hurry, controls over the quality of products are ignored. According to a survey by the state economic commission, symptoms of lowering the quality of products have been found in some factories and the quality of a few price, high quality commodities is no longer good. This is more harmful than price increases.

The State Economic Commission has begun to tighten quality control now. However, if wages and bonuses continue to increase, it will still be hard to check price rises and the decline in product quality. As a common saying goes, "the turnip seller will not wash the mud away from turnips if they sell quickly." This reflects the relationship between supply and demand. Two years ago, when our markets were well supplied with goods, prices were stable and product quality was improved. But if the buyer's market is replaced with a seller's market, things will be quite different. At present, the market for clothing is still a buyer's market, so the design and workmanship are continuously improved. Goods that cannot sell well will be sold at lower prices. However, color televisions are goods in great demand and in short supply. Substandard goods not only exist among domestic products but also among imported goods. Why? Because we have bought large quantities of color televisions from abroad. Foreigners have also sold us substandard goods. Therefore, without bringing consumption funds under control so as to control the circulation of money, we will not be able to effectively check the unhealthy tendencies of raising prices unreasonably and selling substandard goods. State authorities should strictly supervise and control the market order, but they cannot completely check the irregularities, because people will still compete to buy the goods in short supply even if the prices are higher or the quality becomes poorer.

Many comrades have asked me why prices may rise or have risen. A reason for price rises is that during a recent period, wages were raised and bonuses were issued excessively. The basic method of stabilizing prices is to control the accumulation of funds (mainly the investment in capital construction) and consumption funds. The growth in these two funds should not exceed the growth in the production of capital goods and consumer goods. If accumulation funds grow too rapidly, the prices for production materials will rise. Then, 10,000 yuan's investment will merely yield 9,000 yuan's economic benefit. If consumption funds grow too rapidly, prices for consumer goods will go up and 1 yuan of money will merely buy 0.9 yuan of goods. If goods become more expensive, what benefits can we bring to workers by increasing their wages and bonuses? Moreover, not every enterprise has increased wages and bonuses. Many enterprises have abided by laws and regulations and have not followed unhealthy trends. But a small number of enterprises violated the regulations and issued lavish bonuses. When prices are driven up, all people, no matter whether they have had higher wages or not, will suffer losses, but those who abide by the regulations and do not have their wages increased will suffer more losses than those who violate the regulations and have their wages increased. This kind of thing must be resolutely stopped. I propose that the consumers' associations should not only expose and criticize stores that raise prices unreasonably and sell substandard goods, but should also expose and criticize enterprises which increase wages and issue bonuses in an unreasonable way, because this is the fundamental way to stabilize prices.

SCIENCE MINISTER SONG JIAN ON RURAL DEVELOPMENT

OW171309 Beijing XINHUA Domestic Service in Chinese 1539 GMT 16 Oct 85

[By RENMIN RIBAO reporter Chen Zujia and XINHUA reporter Xu Jiling]

[Text] Nanjing, 16 Oct (XINHUA) -- Addressing the closing session of the national conference on the "spark plan" [xing huo ji hua 2502 3499 6060 0439] on 15 October, Song Jian, minister in charge of the State Scientific and Technological Commission, said that the objective of the "spark plan" is to mobilize and guide the nation's institutes of higher education and research and industrial departments to give localities a helping hand in their economic development, especially in the establishment of rural enterprises, so that science and technology will be introduced into the rural areas where there are 800 million peasants.

Song Jian said: Leading comrades of the central authorities have placed high hopes on the "spark plan," a long-range plan for scientific and technological development. The plan, however, is not the only task in the nation's scientific and technological work. During the process of its implementation, we should guard against rashness or rushing headlong into mass action everywhere.

Song Jian stressed that during the process, attention should be given to providing scientific guidance to rural enterprises. He said: In areas where there is a shortage of energy and raw materials, we should focus on guiding them in utilizing and developing their resources and protecting the environment and workers instead of encouraging them to scramble for energy and raw materials with the state's key enterprises. To protect the interests of the people, technologically premature projects and the development of unmarketable products should be avoided.

Song Jian urged scientific and technological commissions at all levels to consider the actual local needs before undertaking any projects of the 14 fields under the "spark plan." Turning to the budget for the plan, Song Jian said: The plan should not entirely depend on appropriations from the central government or from the provincial or municipal governments. It should primarily depend on the resources at the disposal of the people. An institution, for example, should retain a larger portion of its income for the development of science and technology, or it can contribute some money to support the plan or work with rural enterprises or medium and small enterprises to develop new products. By doing this, the society, the state, and the people will all benefit.

Meeting on 'Spark Plan'

OW171321 Beijing XINHUA Domestic Service in Chinese 1552 GMT 16 Oct 85

[By RENMIN RIBAO reporter Chen Zujia and XINHUA reporter Xu Jiling]

[Excerpts] Nanjing, 16 Oct (XINHUA) -- Arrangements are being made for the implementation of the "spark plan" aimed at invigorating the local economy. The State Scientific and Technological Commission held a work meeting on the "spark plan" from 11 through 15 October in Yangzhou City.

Discussing major areas of technology to be developed in the next 2 years under the plan, representatives to the meeting pointed out that they should be useful and advanced technologies, mainly those scientific and technological achievements already made in the country. They should be utilized as soon as possible and play an exemplary role in popularizing new technologies.

Projects of the "spark plan" are not those for capital construction purposes but those that can use technological progress to promote the development of small and medium-sized enterprises and town and township enterprises, speed up the restructuring of rural industrial establishments, and facilitate economic reform in cities and towns.

The meeting participants also discussed the revised provisional regulations for implementing the "spark plan." They pointed out that the plan should be carried out at various levels, under unified planning, and with decentralized management. There should be projects at the national level as well as at provincial, city, and county levels. In the course of implementation, it is necessary to be prudent in the initial stage and undertake well feasibility studies.

RENMIN RIBAO ON PRESENT SITUATION IN DAZHAI

HK150535 Beijing RENMIN RIBAO in Chinese 5 Oct 85 p 2

[Report by Li Kelin: "Dazhai Today"]

[Text] In the middle of autumn, I came to Dazhai. My first impression was that this mountain village was so quiet: Hutou Shan was silent; the weeping willows also stood silently; the few oxen were grazing slowly on the slope; and birds were singing softly in the trees earlier "bustling" scenes and the endless stream of people have quietly disappeared in Dazhai. Village roads, once trodden by thousands and thousands of visitors, are now covered with wild grass. A few narrow paths on the hills are all that remain. I stayed the night at Dazhai's "international travel service" branch. I was the only person in the huge building, and the quiet made me feel a bit nervous. Next morning, I stood at the foot of Hutou Shan, looking at the blue sky and white clouds, and fell into deep thought: Dazhai! Why have you become so lonely?

But when I went deep into this mountain village, I discovered another scene: a village full of vigor and seething with activity. This is in sharp contrast to the village scene of earlier days, which was outwardly "bustling" but inwardly rigid and cold. In the past, when I visited Dazhai, I could not talk freely with ordinary peasants, who always kept a stiff face and said nothing to me. This time, I was able to call freely on any peasant family as I wished and freely talk with all cadres and peasants, including some grandmas and female peasants. In fact, I called on seven or eight peasant households and was deeply impressed with the Dazhai people's joyous feeling of "being liberated and gaining freedom." They almost said with one voice: Things at present are good indeed! Jia Mangni said: "We are free now, we can go to the fields to work any time we want." Lu Xiyi said: "Deng Xiaoping is great. He can even emancipate people like us women." Freedom and liberation are words that we have used often in the past 30-odd years, but when they are mentioned today by women in Dazhai, they certainly offer more food for thought.

Once the mountain village had been freed from the long-standing "leftist" shackles, it immediately showed new vitality. Several women recalled the hard years of the past, when people were forced to get up and begin working in the fields as early as 0530, and to have two meals in the fields as well, to make their work day as long as possible. Now, they said, we have not reduced the output of grain and we have not relaxed our efforts in work. Our men are mostly engaged in industrial production or transportation, and the farming work is mostly undertaken by women, who can double the work efficiency by finishing 2 days' work in a single day. Another peasant, standing nearby, saw that I did not seem to quite understand this, so he explained: "In the past, the work was shared by every one; now, the job must be completed by me alone."

"The simple reason just lies in this plain fact." Yes, that is a simple reason, but it has taken us more than 20 years to understand it. Before we understood this, we even forced everyone to be bound together to "share" the poverty.

Dazhai began to adopt the system of contracting farm work and other production tasks to peasant households in early 1983. At that time, some old cadres were not willing to adopt this system, but most young people were eager to have a try. The Xiyang County CPC Committee did plenty of ideological work to persuade people to shift to the new road. In that year, beyond many people's expectation, the total grain output exceeded 1 million jin for the first time. People in the village said: "It was indeed marvellous that we achieved good harvests in all the kinds of crops we planted that year." This should be ascribed to people's enthusiasm and favorable national conditions, and the role of the "Dazhai-style fields" should not be neglected either. We should view these historical factors objectively.

The vigorous development in Dazhai is due not only to the introduction of the household output contract system, but also to the restoration of various production items banned as "capitalist items" in the past. In addition to growing grain crops, Dazhai is now also engaged in coal mining, transportation, brick baking, stone quarrying, fruit planting, forestry, animal husbandry, and sauce and pickle making. Now, coal pits are bustling with winches on Hou Shan and vehicles run past Hutou Shan. Dazhai people are no longer confined in their "Dazhai-style fields." They have expanded the scope of their production.

There are coal beds of high quality in the mountains behind Dazhai village. A popular old saying goes: "If one wishes to become rich, one should open the black treasury." In the early 1950's, Jia Jincai, an old hero in the village, took the lead in digging coal pits. But coal mining was later denounced again and again as a "capitalist practice," and the black treasury was untapped for many years. Jia Jincai also bore the blame for "opening coal pits" for many years. Now, the coal pits are open again and are turning out some 17,000 tons of coal each year, bringing in a profit of more than 200,000 yuan. The net income of the collective from the coal industry has reached 75,000 yuan a year. Each of the tens of new miners can earn nearly 200 yuan a month.

The development of the coal mining industry has also boosted the development of the transport industry. Last year, many people in Dazhai bought vehicles. Earlier this year, there were eight trucks owned by individuals in Dazhai, and with seven tractors. For the first time in Dazhai's history, a number of households specializing in transport appeared. Various household sideline production and handicraft industries, once denounced as "the tail of capitalism," have also been developing vigorously. Blacksmiths and carpenters can now bring their skills into play. For example, Geng Genzhu runs a household chicken farm that breeds tens of thousands of chickens a year and provides the commercial food department with tens of thousands of eggs and large quantities of chicken. He also provides fine chicken breeds for people from neighboring villages. He is now a famous "specialized household" in Xiyang County, and the per capita income of his household last year was some 2,000 yuan.

The orchards run by Dazhai people now total some 120 mu, and 1,500 fruit trees have begun to bear fruit. It is expected that more than 150,000 jin of fruit can be harvested this year and tens of thousands of fruit tree seedlings will be sold. All this will bring in an income of some 40,000 yuan. Now, the "green bank" and the "black treasury" have become the two major pillars of Dazhai's collective economy. There are still other mineral resources, such as aluminum and clay, to be tapped. Today's Dazhai no longer produces just corn and sorghum; it now produces a rich variety of goods. The combination of rich natural resources and Dazhai people's industry in a new form has brought about new productive forces.

In Dazhai, agriculture, industry, commerce, forestry, fruit planting, and animal husbandry are now all developing. The economic structure, the crop mix and even the mix of food have all been changed. Now, people in Dazhai consume more wheat and millet. Last year, each person in the village consumed an average of 250 jin of wheat. The staple food of Dazhai people is no longer corn, they can now eat wheat flour every day.

In a short period of 2 to 3 years, a new situation, in which the collective economy is developing along with the enrichment of individual peasant households, has appeared in Dazhai. Last year, the total income of the village was more than 540,000 yuan, nearly doubling the figure in 1978 when the 3d Plenary Session of the 11th CPC Central Committee was held. The per capita net income was 601 yuan, more than triple that in 1978. Dazhai people now have a new objective -- "increasing per capita income to 2,000 yuan through 5 years' efforts." They have favorable conditions for achieving this target, but it will also be an arduous task. The growth of the collective economy expands the scope of production and promotes the development of the household economy. This ensures that the peasant households: first, after farmland was contracted to peasant households, the collective bore the responsibility for providing them with fine seed, farm chemicals, and fertilizer. Investments in these items were about 50 yuan per mu. Second, the collective undertook all kinds of fees, such as those paid to school teachers, village cadres, and assistants helping army men's families. Peasant households were not required to pay these miscellaneous fees, and did not have to bear additional burdens. Third, the collective bought a number of television sets and resold them at a lower price to all households. In addition, the collective also offered all kinds of help to households in difficulty. Now, all households in Dazhai have sufficient food, and even the poorest household can also eat its fill and can see television. Their livelihood is now much better than in those years when the slogan of "in agriculture, learn from Dazhai" was shouted.

At present, Dazhai is encountering great difficulty in housing. People have become richer and own more furniture and electrical appliances. So they all wish to have a house with a courtyard so that they can raise chickens and pigs and can plant flowers and trees to beautify their living environment. But they are living in rows of cave dwellings where they cannot expand their living quarters. The families I called on had sofas, large television sets, and new furniture, but outside their doors things were a mess. In particular, many children have grown up and some have gotten married. The housing problem is becoming more prominent. The number of households in Dazhai has increased to 125 from some 80 a few years ago. It is said that when the "Dazhai-style cave dwellings" were built, an old peasant complained that the design of these dwelling was not suited to the peasants' lifestyle, but he was criticized by Dazhai's leader at that time. Then, no one dared to oppose the building of these cave dwellings. But now they have become a big problem to the people in Dazhai.

The building of the "Dazhai-style cave dwellings" reflected the thinking of village leaders in those years. The dwellings were designed not only as a magnificent show for visitors, but also as an example of the kind of "socialism" they wanted to realize. In their minds, socialism meant egalitarianism and concentration. Not only must the means of production, private plots, cattle, and pigs be concentrated, but people should also be concentrated. Chickens could not be concentrated, because they were the "tail of capitalism," which must be cut off. People's requirements for improving their livelihood were all in the category of "capitalist" things. It seemed that the proletariat had to lead the life of an ascetic. Young people were not allowed to wear wrist-watches or leather shoes or to eat at restaurants, and girls were even not allowed to wear colorful dresses, because they, too, were tainted with capitalism. It was claimed that "only by blocking the capitalist road can people march along the socialist road." So many socialist things were criticized as capitalist, and this "Dazhai experience" spread its bleak aspect over the entire country. What a painful lesson this was!

Here, I would like to say something more for the people in Dazhai and Xiyang County. Whenever people recall the disasters caused by "blocking the capitalist road," "cutting off the capitalist tail," and "repeated struggle against capitalism," they naturally link these things with Dazhai and Xiyang. It would seem the people in Dazhai and Xiyang were the initiators of these "leftist" practices. This is not fair! We should know that the people in Dazhai and Xiyang were the first victims of the "leftist" practices. In the years of the "repeated struggle," more than 100 people in Xiyang County were persecuted to death. People there did pay a bloody price! Zhao Cuntang, the current secretary of the party branch in Dazhai, was a young bookkeeper in 1975. He was expelled from the party because he wrote a letter of recommendation for a carpenter, and was denounced as an "agent of the bourgeoisie inside the party." His grievance was not redressed until 1980. Historical changes brought difficult tasks to Xiyang County. The county not only had to eliminate the poisonous influence of "leftism," but also had to protect cadres and ordinary people. The Xiyang County CPC Committee has done a great deal of meticulous and commendable work to set things right.

This time in Dazhai, I called on old hero Jia Jincal and held his callused hands. I talked about the erroneous propaganda of the newspapers in the past and offered him an apology. Song Liying answered: "You are not to blame for this, because no one in those years dared to sing a different tune. In those years, whatever 'experience' was to be spread would always be tagged with the Dazhai label, but the ordinary people in Dazhai in fact knew nothing about all those propaganda tricks." This is a concise and realistic summary of that part of history. The typical case of Dazhai as a developing mountainous area was tainted with a particular political color by careerists and was used as a political tool. Dazhai was sullied and distorted! Now I feel the real spirit of Dazhai present in the callused hands of the old hero. It is my hope that the younger generation of Dazhai will correctly understand the road traversed by the older generation and will carry forward this spirit!

A new chapter has been opened in history. Viewing today's Dazhai, I am glad to find that it is full of vigor and prosperity. When Dazhai people understood that socialism does not mean "eating from the same big pot" and began to free themselves from the "leftist" shackles, they immediately displayed strong vitality and advanced vigorously along the real road of socialism. Their joy reflects the joyous feelings of all peasants in China; and their sufferings in the past also present a microcosm of the sufferings in the vast number of rural villages of our country. After enduring historical twists and turns and the painful events, people in Dazhai are full of a vigor and confidence never seen before.

RENMIN RIBAO ON LIFE OF ECONOMIST CHEN HANSHENG

HK170805 Beijing RENMIN RIBAO in Chinese 7 Oct 85 p 5

[Article by Xue Muqiao: "Chen Hansheng -- a Pioneer of Marxist Rural Economics in China -- Greeting the 60th Anniversary of Comrade Chen Hansheng's Career in Academic Studies"]

[Excerpts] Comrade Chen Hansheng is a Marxist rural economist in China, and a pioneer in using Marxism-Leninism to carry out investigation and study of China's rural economy.

Revered Comrade Chen was influenced by populism [ping min zhu yi 1627 3046 0031 5030] when he was a child and received an education in nationalism and democratism during the 1911 revolution when he was studying at middle school. At the age of 18, with deep feelings of patriotism, he went to the United States to continue his studies.

In 1921, he wrote an article entitled "Relation Between China's Five Trading Ports and the Tea Trade" and received his master's degree. In 1924, he received his doctorate in Germany through an article entitled "The 1911 Six-Nation London Conference Envoys Which Carved Up Albania." In the same year, he came back to China and took up a post as a professor at Beijing University. There he became acquainted with Comrade Li Dazhao and some Soviet Communists working in China at that time and began to accept Marxist ideas. Later, through their introduction, he was invited by the Communist International to act as a contributing editor of INTERNATIONAL COMMUNICATIONS. At the same time, he established contacts with the Communist International.

In the winter of 1925, he met Comrade Cai Hesen, who passed through Beijing after attending a Comintern meeting in Moscow, and learned a lot about Comrade Peng Pai, who led the peasant uprisings in Haifeng and Lufeng. Through talking with Cai Hesen, he also realized that in studying questions concerning Chinese revolution, one must first of all study the peasant question and rural economic questions. In 1927, after Comrade Li Dazhao was killed, he was forced to leave China and live in the Soviet Union. While working in a peasant research institute of the Communist International there, he discovered that the researchers there were often divorced from reality and indulged in empty debate by quoting the classics. He held that it is necessary to make further studies of the real situation and to start with the investigation of the rural economy. He made up his mind to embrace this cause.

In 1928, revered Comrade Chen returned to China. He was invited by the social science research institute under the central research institute headed by Mr Cai Yuanpei and engaged in real leadership work there. He selected a number of advanced youths to help him carry out investigation of the rural economy.

The internal situation was perilous and unstable in 1933. Revered Comrade Chen was forced to resign from the social science research institute. He said indignantly: "Since we cannot study China's rural situation in the central research institute, what we can do is to mobilize all youths who have lofty ideals to study it." With the common efforts of revered Comrade Chen and other comrades, the Chinese Rural Economic Research Society was established in 1934, and a magazine, CHINA'S COUNTRYSIDE, the journal of this society, was published at the same time. Our revered Comrade Chen was elected chairman of the council of the society. Under the reactionary rule of the KMT, it was extremely difficult to publish a progressive journal. Revered Comrade Chen then asked Mr Cai Yuanpei to write an inscription for the journal and Comrades Wu Juenong and Sun Xiaocun to act as distributors and to register the magazine, so that CHINA'S COUNTRYSIDE was able to be legally and openly distributed in the areas under KMT rule. This journal, which was one of the most famous progressive journals in Shanghai at that time, played an important role in discussing the economic problems of China's countryside, in safeguarding the party's program on the democratic revolution and the policy of the anti-Japanese united front, and in publicizing the anti-Japanese and national salvation movement. Although revered Comrade Chen was later forced to go abroad due to the sabotaging of the Comintern organs in Shanghai, he always maintained contacts with, and gave his powerful support to, the society and its journal. The achievements of CHINA'S COUNTRYSIDE were inseparable from the encouragement and support of our revered Comrade Chen.

Our revered Comrade Chen continued his struggle abroad. He engaged in many academic research activities. In 1939, based on an investigation of a tobacco-producing area, he wrote, in English, an article entitled "Industrial Capital and Chinese Peasants" and published it in the United States (it was published in Chinese by the Fudan University Publishing House in 1983 under the title of "Imperialist Industrial Capital and Chinese Peasants"). This outstanding work was also republished by an American publishing house in 1980.

When (Lattimore), a Chinese specialist of the United States who once worked in China for many years, was requested by a foundation to compile a book on research in Xinjiang, he asked our revered Comrade Chen for cooperation. Despite their differing views, our revered Comrade Chen agreed to cooperate with him. He collected and analyzed a great deal of material based on historic materialism and wrote three chapters, or almost half the book. In the United States, he also sorted out some material on investigation of Xishuangbanna's land system and wrote, in English, a book entitled "The Land System of Xishuangbanna." This book is still of great significance at present in the study of the relation between the land system of the primitive rural communes and the early capitalist economy, and in the study of the economy of minority nationalities in old China.

While living abroad, he made great efforts to propagate Chinese revolution among his readers. His works on the investigation of Guangdong's rural economy had great influence in the United States. Many American progressive readers learned from these works that it was not wise for the U.S. Government to implement the current China policy and to support China's rotten feudal forces. Through his assiduous labor, many important articles and significant works on China's land problems were published in CHINA'S COUNTRYSIDE, which helped the U.S. academic circles know more about China's real situation as presented by progressive Chinese scholars. His academic activities in the United States made a deep impression on and influenced the progressive intelligentsia of that country.

In the early 1950's our revered Comrade Chen returned to Beijing. As he had wide influence abroad, he was appointed advisor to the Ministry of Foreign Affairs and vice chairman of the Chinese People's Institute of Foreign Affairs. He often met with foreign friends who came to visit China and went abroad many times, playing the role of diplomat. He was also appointed deputy director of the International Relations Research Institute and elected as a delegate to the first, second, and third NPC's and as a member of the first, second, and fifth CPPCC's. Although he has been kept very busy all the time, he has never given up academic research. He often writes articles on economy and history, and works very hard in academic research. Although he is very old now, with the assistance of some comrades, he is making great efforts to realize his long-cherished wish of 40 years ago -- to compile a "Corpus of Historical Materials on Chinese Workers Working Abroad." This magnum opus, written in more than 3 million Chinese characters, provides us with very rich historical materials to study the history of the Overseas Chinese.

MAGAZINE PUBLISHES FOREIGN EXCHANGE, GOLD RESERVES

HK181510 Beijing ZHONGGUO XINWEN SHE in Chinese 1014 GMT 17 Oct 85

[Text] Beijing, 17 Oct (ZHONGGUO XINWEN SHE) -- At the end of June of this year, China's total foreign exchange reserves amounted to \$10.852 billion.

The latest issue of ZHONGGUO JINRONG [China Finance] magazine makes public the situation of China's gold and foreign exchange reserves in the second quarter of this year. By the end of June, China's gold reserve was 12.67 million ounces and the total foreign exchange reserve was \$10.852 billion; of which, the state's exchange reserve accounted for \$5.37 billion, the Bank of China's exchange balance came to \$5.482 billion; the balance of China's foreign credits amounted to \$4.254 billion.

JIANGSU'S HAN PEIXIN MEETS DEMOCRATIC DELEGATES

OW201324 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 19 Oct 85

[Excerpts] The democratic parties and industrial and commercial federations of Jiangsu Province and Nanjing City held a meeting at the Nanjing People's Auditorium on the afternoon of 19 October to convey and implement the guidelines of the national conference of democratic parties and industrial and commercial federations on commending advanced collectives and individuals in the four-modernizations drive. Attending the meeting were 3,000 people, including representatives of democratic parties and industrial and commercial federations in Nanjing and comrades from concerned departments and basic Communist Party organizations in Jiangsu Province and Nanjing City. On behalf of the provincial CPC Committee, Comrade Sun Han, deputy secretary of the provincial CPC Committee, extended heartfelt respects and greetings to the delegates and to comrades of China's democratic parties and industrial and commercial federations who contributed to the four-modernizations drive.

Before the meeting, Han Peixin, secretary of the provincial CPC Committee; Shen Daren and Sun Han, deputy secretaries of the provincial CPC Committee; Chen Huanyuo, vice governor, Luo Yunlai and Wang Zhaoquan, vice chairmen of the provincial CPPCC Committee; (Hu Xujian), deputy secretary of the Nanjing City CPC Committee; (Zhu Qilun), vice chairman of the Nanjing City CPPCC Committee; and leaders of the united front work departments of the Jiangsu Provincial CPC Committee and the Nanjing City Party Committee met and had a photo session with 10 delegates.

JIANGXI'S WAN SHAOFEN MEETS OVERSEAS CHINESE

OW201417 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 19 Oct 85

[Excerpts] Last night, Wan Shaofen, secretary of the Jiangxi Provincial CPC Committee, warmly received a group of seven Overseas Chinese from Brazil, the United States, Japan, Canada, and the Netherlands at the Jiangxi Guesthouse. Our province had invited the guests to tour the motherland. Wan Shaofen welcomed the group.

At the meeting, Wan Shaofen chatted warmly with the guests. She said: When I heard that you had returned to China to visit your native home, I immediately hurried back to meet you. This morning, I attended a get-together at the CYL Reclamation Farm marking the farm's 30th anniversary. After 30 years of construction, the farm has begun to develop into a modern communist youth city. Starting from scratch, the farm has grown in size, increased its output, and become prosperous. If we had 100 or more farms like the CYL farm, our pace in revitalizing Jiangxi would accelerate greatly and the goal of building Jiangxi into a new and economically developed, scientifically and technologically advanced, culturally enriched, and materially prosperous province could be reached at an earlier date. After the meeting, Wan Shaofen held a banquet for the guests and presented them gifts. In the afternoon, comrades from provincial departments concerned held a forum with the Overseas Chinese and heard their views and suggestions. The group left Nanchang this afternoon for Lushan and Jinjdezhen.

REPORT URGES WAGE CONTROLS TO LIMIT CONSUMPTION

HK211153 Shanghai SHIJIE JINGJI DAOBAO in Chinese 30 Sep 85 pp 1, 3

[Report: "A Survey Report by the Institute for Research Into the Structural Reforms Points Out That Consumption Funds Should Grow Within a Reasonable Range"]

[Text] In his survey report on the uncontrolled growth in consumption funds, Li Jun [2621 1498] of the national institute for research into the structural reforms suggests that, in order to ensure the smooth reform of the wage system, to control gross social

demand, and to prevent prices from going up further, it is necessary to immediately adopt remedial measures to prevent an irrational increase in wage payments likely by the end of the year.

In his reports, Li Jun suggests that increases in consumption funds beyond reasonable limits are mainly the result of leakages of wage payments through channels not controlled by the policies and administration. According to preliminary calculations, an increase in wage payments this year of about 25 percent can still be described as reasonable. However, in the first half of the year the growth rate was almost 40 percent. Given this trend, the yearly increase in wage payments could be as high as 35 to 40 percent.

In light of last year's first upswing in consumption funds, the state adopted some control measures including the levying of a progressive tax on premiums. However, these control measures were mainly aimed at state-run enterprises, individuals, and collectives. Administrative units and institutions and those industrial departments implementing a special policy were not affected. According to the statistics compiled by some cities, about one-fourth to one-third of the total number of wage-earners were unaffected. The excessive increase in consumption funds is mainly attributable to these unaffected people.

Even in those state-run enterprises required to pay premium taxes, one can easily observe this phenomenon: Although their accounts apparently show that their wage payments have been strictly controlled within the limit set by the state, they have in fact paid more. In his report, Li Jun mentions the three most common ways to evade premium taxes: First, with a small treasury in each workshop, they undertake as much cooperative work as they can with other units. The workshops establish contacts with town and township enterprises and, during the break after the plans have been fulfilled, do "private" business and collect cash. The enterprises' facilities, electricity, and raw and processed materials are used in this cooperative work. However, the income goes to the individual. Second, they can maximize the standard wage. Some enterprises do this by considering the encouragement funds actually used to be part of the standard wage. According to an investigation conducted in 33 central enterprises, half of them have reported this money as part of the standard wage. And third, leakage occurs through the "connections" between state-run and collective enterprises. The enterprises can sell marketable good at low prices to those service companies operated by the enterprises themselves and then the latter can return their large profits to their enterprises in one way or another. Since the state made it a strict rule that a tax be levied on premiums, the problem of evading state control has become more serious than during last year.

In his report, Li Jun suggests that last year, because of the huge reserves of materials and commodities accumulated over past years, the effects of the increase in consumption funds at year-end did not constitute a serious threat. However, conditions have changed in varying degrees. If, at the end of this year, there is another adverse increase in consumption funds, the contradiction between demand and supply will be further intensified and prices will skyrocket.

Li Jun is of the opinion that at present, the most urgent task is to adopt some short-term remedial measures in order to prevent the emergence of those factors that would help bring about a further increase in consumption funds by the end of this year. These remedial measures should have two important features, namely "control" and "guidance." In exercising control, efforts should mainly be devoted to preventing irrational increases in wage payments and to eradicating flaws in management.

This requires us to strictly enforce financial and economic discipline; to organize the departments concerned to jointly keep an eye on wage payments; to more strictly enforce the "accounting law" and "cost law"; to put an end to the practice of arbitrarily accounting for costs; and to speedily levy new taxes on the income of individual households, township and town enterprises, collective enterprises, and individuals. Regarding guidance, we should try our best to turn more cash wage payments into savings and to encourage consumption in terms of labor service in order to alleviate the pressure on the commodity market.

WANG FANG, XUE JU MEET WORKERS AIDING XIZANG

OW190032 Hangzhou ZHEJIANG RIBAO in Chinese 11 Oct 85 p 1

[Dispatch by ZHEJIANG RIBAO reported Xiao Minjian]

[Excerpts] On the afternoon of 10 October, while meeting with representatives of our province's workers who had helped with Xizang's construction, Wang Fang, secretary of the provincial CPC Committee, said: "The provincial CPC Committee and the provincial government are very satisfied with what you have done in creating a miracle on the roof of the world and in achieving great speed in the construction of Xizang."

At a time when a report meeting was being held in our province to sum up the work of assisting Xizang, leading comrades of the provincial CPC Committee and the provincial government Wang Fang, Xue Ju; Chen Fwen; Wu Minda, and Shen Zulun met cordially with representatives of staff members and workers who had helped with Xizang's construction. After hearing a report by Tu Jianguo, commander of the province's Aid-to-Xizang Project command, leading comrades of the provincial CPC Committee praised the staff members and workers' great merits in assisting Xizang. Comrade Wang Fang said: "In helping build the Xizang Stadium, Xizang University, and Xizang audio-visual education hall great projects, staff members and workers from our province have achieved great speed, fine quality, great safety, and big benefits. Among the representatives from 9 provinces and municipalities engaged in the construction of 43 aid projects, they were the first to give the Xizang people the keys to the projects they had completed. Our staff members and workers thus scored a magnificent success in winning a political battle and a battle to establish prestige and to fulfill aspirations despite the unfavorable conditions of oxygen deficiency and bad weather on the plateau. In doing the work of aid to Xizang, they have also taken a gratifying step toward the reform of the building trade. The experience they have summed up in this regard agrees with the party Central Committee's guidelines for reform, creation, and advance in the course of exploration. They have thus provided experience for all professions and trades in our province to carry out reforms." He added: "In accordance with the relevant guidelines set by the central authorities, the provincial CPC Committee will give commendations to those staff members and workers who have made outstanding achievements."

Speaking to the representatives, provincial Governor Xue Ju said: We are deeply moved after hearing the report on the work of assisting Xizang. It is really something and a matter of pride for the people of Zhejiang that you have built first-class modern projects on the roof of the world. He asked the staff members and workers to further sum up their experience in assisting Xizang and popularize that experience for all professions and trades. This, he said, is a concrete action in carrying out the guidelines of the National Conference of Party Delegates and the 4th and 5th sessions of the 12th CPC Central Committee. In addition, he said: Departments and units concerned should make proper arrangements for physical examinations of staff members and workers engaged in assisting Xizang and for their rest and recuperation. People of all professions and trades should learn the spirit of these staff members and workers in assisting Xizang, work hard in unity, and carry out great plans so as to create second and third miracles.

HAINAN RIBAO CHIEF DISMISSED FROM ASSOCIATION

HK220257 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 21 Oct 85

[Text] The provincial journalists association convened a meeting of permanent executives in Guangzhou today. The meeting decided to dismiss Guan Xin, former party group secretary and chief editor of HAINAN RIBAO, from his posts as permanent executive and vice chairman of the association. This decision will be forwarded to the next executive meeting for confirmation.

Guan Xin was recently arrested, following investigation by the judicial departments, for his involvement in corruption in the Hainan motor vehicle resale case. The provincial journalists association has attached great importance to this matter. It decided to convene this meeting, which held that as Guan Xin has become a serious economic criminal, he is no longer fit to hold office in the association. Ding Xilin, chairman of the association, presided at the meeting today.

RUMORS IN HAINAN OF SECOND CHILD BEING ALLOWED

HK181411 Haikou Hainan Island Service in Mandarin 0400 GMT 17 Oct 85

[Text] It has been recently rumored in Haikou that there is a new regulation on second children. It has been rumored that a couple who has given birth to a girl can have a second child, and it has even been rumored that many units have transmitted documents. Such rumors have had a very bad effect on the masses. In view of this, the Haikou City Planned Parenthood Committee has reiterated the regulations of the provincial CPC Committee and the provincial government on the policy of a second child. The policy on the second child that Haikou City is now implementing is still applicable to the people of eight categories stipulated by Document No Yuefa 28 of 1984 issued by the provincial CPC Committee and the provincial government on 12 June 1984. The are:

1. The first child is disabled and cannot become a member of the normal labor force;
2. A worker regularly works in a mine pit for long periods of time;
3. A peasant lives in a distant border or mountainous area with a sparse population;
4. A fisherman works on an island in the ocean;
5. A person in a rural area has given birth to a girl only and has had practical difficulty;
6. One of a remarried couple in a rural area has had only one child and the other of the couple has had no child or had had a child but the child died; a remarried couple of the nonagricultural population in an urban area whose spouse died has only one child;
7. A couple has had no child for many years after marriage but pregnancy occurs after adopting a child;
8. A single son and a single daughter get married.

These are the exceptions. There is neither a new policy nor new documents and regulations. It is hoped that all cadres and people will base their actions on these rules and will not believe the rumor, so that they will not violate the regulations on planned parenthood.

GUANGXI LEADER VISITS HYDROELECTRIC WORKSITE

HK200243 Nanning Guangxi Regional Service in Mandarin 1130 GMT 19 Oct 85

[Excerpt] On 18 October, Guangxi Regional CPC Committee Secretary Chen Huiguang paid a special visit to Dahua to convey the spirit of the National Conference of Party Delegates to over 1,800 workers of the Guangxi Hydroelectricity Engineering Bureau who are building a power station there. He also demanded that the hydroelectricity construction departments implement the spirit of the conference and speed up the building of hydroelectric energy sources in Guangxi.

GUANGXI LEADERS STRESS BANNING FAKE, TOXIC GOODS

HK220301 Nanning Guangxi Regional Service in Mandarin 1130 GMT 21 Oct 85

[Excerpts] On the morning of 20 October, Chen Huiguang, Jin Baosheng, Gan Ku, Zhong Jiasuo, and (Lin Taoquan), leading comrades of the party and government in the region, visited an exhibition of counterfeit, inferior, and toxic goods organized by the Nanning City Industrial and Commercial Administrative Bureau. There are 167 items on display including fake and inferior medicines, counterfeits, and toxic goods, with a value of 5.55 million yuan.

Comrade Chen Huiguang stressed: In the course of invigorating the economy, a few people have sacrificed ethics for profit in manufacturing and selling counterfeit, inferior, and toxic products. Such acts harm the people, sabotage economic reform, and have also corrupted a number of cadres, staff, and workers. We must resolutely ban such goods. Criminal cases must be dealt with by the law.

HENAN AUDITING BUREAU CRITICIZES COMMISSION

HK211058 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 20 Oct 85

[Text] On 14 October, the provincial Auditing Bureau issued a circular criticizing Zhengzhou City's Science and Technology Commission for violating financial discipline. The Science and Technology Commission let some 400,000 yuan of experimentation funds and key research subsidies remain unused for a long time and deposited the money into the trust department of the city industrial and commercial bank. Furthermore, the commission used the same trick to get an additional 259,500 yuan in funds.

Following a study by the provincial and city auditing bureaus and the departments concerned, it was decided that the city Science and Technology Commission could keep the 400,000 yuan of funds for carrying out the planned projects, but the other 259,500 yuan, including the 6,440 yuan earned as interest, will be handed over to the city finance department.

HUBEI RIBAO REPORT ON BUILDING OF THIRD ECHELON

HK211004 Wuhan HUBEI RIBAO in Chinese 5 Oct 85 p 1

[Report by Tao Jiuju: "Departments Directly Under the Hubei Provincial Authorities Have Made Progress in Building the Third Echelon of Cadres at Their Departmental and Bureau Levels"]

[Text] Since this February, the Hubei provincial authorities have made much progress in building the third echelon of cadres in their departments and bureaus. More than 230 reserve cadres selected for departments and bureaus directly under the provincial authorities have fairly good ability and political integrity. Some of them are quite mature and will soon be able to become members of leading bodies.

Since the meeting for supervising the work of building the third echelon of cadres for units directly under the provincial authorities was convened by the Hubei Provincial CPC Committee in February, various units have paid great attention to this work. By the end of April, 78 units had submitted to the provincial authorities namelists of nearly 300 reserve cadres. Immediately after this, the provincial CPC Committee Organization Department and other departments and committees in charge of cadres organized seven groups, consisting of 115 cadres from these departments, to conduct a comprehensive reexamination of cadres on the lists. These groups had completed their work by the end of June.

Results of reexamination show that all these reserve cadres can resolutely implement the party's line, principles, and policies; are quite devoted to the revolutionary cause; have a pioneering spirit; and have some practical experience and ability to lead and organize. Some 78.2 percent of them have taken up posts as deputy directors of departments or higher. They are in the prime of life and are energetic, and 93 percent of them are below the age of 45. They are fairly well educated, and 95 percent of them are college graduates. The communal structure of these reserve cadres is also rational. Various kinds of capable people have been selected. Reserve cadres whose specialties include science, engineering, agriculture, forestry, finance, economics, politics, law, medicine, and liberal arts, account for a substantial percentage.

Consequently, a very good situation has been created to meet the needs of readjusting the leading bodies of units directly under the provincial authorities in the near future and for the building of these leading bodies for a long time to come.

The work of building the third echelon of cadres for units directly under the provincial authorities is being personally handled by chief leaders of respective units. Many units have strictly followed the mass line, broadened their field of vision, and changed their past practice of watching only a few people directly below them. Some units have organized special groups to hold meetings of cadres in appropriate groups to recommend candidates at prefectural, city, and grass-roots levels. Some units have even extended their field of vision to other areas and the whole society. Of the selected reserve cadres at present, 30 percent are from grass-roots factories, mines, enterprises, and institutions, or from prefectural, city, and county organizations. In the course of reexamination, political soundness of the cadres has been ensured. Those who committed mistakes during the "Cultural Revolution" and who have not realized their mistakes, and those who have harbored evil intentions and are ideologically unhealthy, have been removed from the lists. Attention has also been paid to examining the cadres' performance.

Recently, various units directly under the provincial authorities began to train and raise the standard of the third echelon of cadres already built. They also plan to replenish and readjust them in order to keep their vitality.

HUNAN RADIO URGES CORRECT VIEW OF PRICE HIKES

HK220603 Changsha Hunan Provincial Service in Mandarin 1100 GMT 20 Oct 85

["Sunday Chat" by (Zheng Yu): "The Limitations of Witnessing Things With One's Own Eyes"]

[Excerpts] Listeners, I know you have noticed this phenomenon: If one only relies on what is directly perceived through the senses in order to understand things, then, even though what one sees is quite correct, one will sometimes draw unrealistic conclusions.

Last Sunday I went to the market to buy vegetables. One comrade there gave his view as he was buying vegetables, saying. The prices of vegetables and meat have risen again. Do you call this a fine situation? Is not what one sees the truth?

The first half of what he said was factual, but the conclusion he drew from it -- doubting that the situation is fine -- was incorrect. He was wrong in his method of looking at the situation.

People often say that the truth is what one sees. Generally speaking, this accords with the Marxist theory of cognition. However, this is a way of understanding the situation simply through what is directly perceived through the senses. In order to attain a correct understanding of things, it is necessary to rise to the level of the perceptual and the rational. Hence there are bound to be great limitations if one simply relies on one's eyes to understand things, without making an analysis.

First, what he saw was only an individual thing. To infer the whole from the individual is almost bound to lead to errors and to bias in understanding. It is a fact that the rise of some prices is a real problem in current economic life. But after all, it cannot represent the entire economic situation. In seeing whether the economic situation is good or bad, we should mainly look at the development of the national economy. Since 1980 our country's industry and agricultural output has risen by an annual average of 10 percent. The average real wage of workers this year, after allowing for increased prices, showed a rise of 25.7 percent over 1980, having increased at an annual average of 4.7 percent. These things are the main hallmarks of the current excellent situation. No individual phenomenon or problem can negate this situation.

Second, what he saw was only a superficial phenomenon. One can very easily be misled by nonessential phenomena and draw distorted conclusions, unless one considers and analyzes such things. Why is it that, seeing the rising prices of commodities, certain people come to the reforms of economic structure? The reason is as stated above. There are many causes for the rise in prices of some commodities. For instance, the prices of some agricultural and sideline products were too low for a long time. To rationally raise the procurement and sales prices through carrying out reforms is beneficial for developing production. Everyone should welcome such price rises. Some price hikes have been caused through a few people taking advantages of loopholes in reform. The party and government are currently taking steps to curb such hikes.

Apart from this, the price rise question also reflects to a certain extent the contradiction between supply and demand. Beginning in the fourth quarter of last year, the banks indiscriminately issued credit and capital, and enterprises indiscriminately hiked wages and paid out bonuses. As people had a lot of cash in their hands, commodity prices could not catch up, thus causing a shortage of market supplies this year. This is another cause of the rise of certain commodity prices. Analyzing these things, we can see that it is unrealistic to blame price hikes on reform.

Third, under ordinary conditions, what one sees is only what is going on right now and a temporary situation. It is very difficult to see the development trends if one just relies on what is perceived by the senses. Some people are filled with misgivings over the present prices, fearing a general increase, repeated increases, and even inflation. Actually there is no need for this worry. As I said above, there are many reasons for the rise in prices of certain commodities. A rational price readjustment, whether judged from the present or the long term, is beneficial for the development of production and for commodity circulation. So long as production increases, there are ample supplies in the markets, consumption funds are controlled, and unreasonable and indiscriminate price hikes are resolutely curbed, prices will become stabilized. We should be optimistic about this.

HUNAN LEADERS ADDRESS MEETING ON CURRENT ISSUES

HK220515 Changsha Hunan Provincial Service in Mandarin 1100 GMT 20 Oct 85

[Excerpts] A meeting of principal responsible party-member cadres of prefectures, autonomous prefectures, cities, and the provincial organs, convened by the provincial CPC Committee, concluded this morning after 8 days in session. During the meeting the principal responsible comrades of the provincial CPC Committee conveyed the spirit of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee. The participants conducted study and discussion in connection with reality, and pledged to work hard and score great new achievements under the leadership of the CPC Central Committee.

Provincial CPC Committee Secretary Mao Zhiyong spoke on 15 October, dwelling on issues of the situation, reforms, the building of socialist spiritual civilization, and cooperation between new and old cadres and replacement of old by new. Reviewing the province's political and economic achievements during the Sixth 5-Year Plan, he said: These achievements are mainly the results of reforms. The leaders at all levels must have a full understanding of the current excellent situation, attach importance to solving the existing problems, continue to display creative and pioneering spirit, persistently put reform in the first place, and promote sustained, steady, and coordinated development of the province's economy.

On the question of strengthening the building of socialist spiritual civilization, Mao Zhiyong said: Vigorously stepping up the building of socialist spiritual civilization is an issue on which the National Conference of Party Delegates laid particular stress. In this work we must first focus our vision on a fundamental turn for the better in party style and social mood. We must strictly adhere to the demands of the CPC Central Committee in doing a good job of party rectification, further step up education for party members in party spirit, style, and discipline, and resolutely correct various unhealthy trends.

In order to further straighten out the party style and social mood, the leading organs at all levels and the leading party-member cadres must begin with themselves. They must dare to take charge of things and also take effective steps, starting with education, to greatly improve the social mood, strengthen ideological and political work, and preserve the authority of the party's ideological and political work departments.

Comrade Mao Zhiyong stressed in his speech: We must treasure the hard-won political situation of stability and unity, resolutely respond to the CPC Central Committee's call, unite more strongly around the CPC Central Committee, and work with the people of the province to attain the goals of endeavor proposed by the National Conference of Party Delegates and the fifth provincial party congress, fulfill the Seventh 5-Year Plan of national economic and social development, and make new contributions to accomplishing the four modernizations and invigorating Hunan.

Governor Xiong Qingquan spoke at the meeting on questions of correctly viewing the situation, doing a good job in price and wage reform, controlling the scale of investment in fixed assets, improving economic results in industrial and agricultural production, and stepping up the building of socialist spiritual civilization.

He said: Viewing our province, it is estimated that social output value has risen at an average annual rate of 9.1 percent during the period 1980-1985, while industrial and agricultural output value has risen at an annual rate of 8.5 percent, national income at a rate of 8.2 percent, financial revenue at a rate of 8.9 percent. We have relied on reforms, the success of rural reform, and the gradual unfolding of urban reforms in achieving this sustained, steady, and coordinated development over such a long period. We must unify our understanding on the situation and on reform, have firm faith in reform, and unswervingly and steadily forge ahead with reform.

On the question of price and wage reforms, Governor Xiong Qingquan said: A current outstanding and urgent question in the province's economic life is that of prices. We must clearly explain to the cadres and masses that so long as we seriously implement the relevant measures of the central authorities and fundamentally curb inflation, there will be no general, knock-on price rises. The government at all levels must attach importance to the question of prices, and do a good job of work so as to stabilize prices. It is necessary to practice planning guidance for consumer goods vital to people's daily life. The state-owned commercial departments must play their role as the main channel, organize the supply of goods, regulate outflow and inflow, and keep prices stable.

He said: At present we must make good arrangements for the post-autumn harvest markets, step up the procurement of agricultural and sideline produce, and do a good job in supplying meat, vegetables, and other nonstaples for the urban areas. We must strengthen control and supervision over market prices. We must combine lifting restrictions with exercising controls. We cannot just lift restrictions without exercising controls, nor can we substitute the imposition of fees for the exercise of controls. We must resolutely put a stop to malpractices such as raising prices in an arbitrary or disguised fashion, indulging in speculation, abandoning one's trade and staging market strikes, passing off inferior goods as superior, and imposing random fees and charges. Such practices seriously harm the interests of consumers and producers.

On the question of resolutely controlling the scale of investment in fixed assets, Governor Xiong Qingquan demanded that leaders at all levels focus their attention on grasping reform and economic results, honestly promote enterprise management and technological transformation, fully tap the potentials of existing enterprises, strive to develop production, improve economic results, and earn more foreign exchange through increased exports. All enterprises must work hard to improve product quality and lower material input consumption in order to raise the quality of the enterprises and truly promote economic results.

Xiong Qingquan said: We must further strengthen agriculture, which is the foundation. In recent years we have slackened agricultural capital construction to some degree. We must vigorously grasp water conservation construction in the coming winter and spring, especially in areas hit by natural disasters and places that lack water conservation.

At present there is extremely serious random occupation of farmland in rural areas. We must resolutely curb this unhealthy trend.

BEIJING'S CHEN XITONG VISITS GAS PIPELINE SITES

SK182306 Beijing BEIJING RIBAO in Chinese 3 Oct 85 p 1

[Text] The Huabei oil field will supply natural gas to Beijing Municipality in the later period of October. This is the news covered by this reporter who accompanied Chen Xitong, mayor of the municipality, in visiting the construction sites where the Huabei Petroleum Administrative Bureau is laying the gas supply pipeline in order to extend cordial regard to the workers.

On 2 October, leading comrades, including Chen Xitong, mayor of the municipality, Zhang Baifa, vice mayor of the municipality, and Zhao Zongnai, vice minister of petroleum industry, visited the construction sites of Chaheji, Nanmeng, and Yongqing, where the Huabei oil field is laying the gas pipeline, and extended their hearty appreciation to the workers working on the holiday. During their visit Chen Xitong stated: The supply of natural gas to Beijing Municipality is a major good deed done for the people throughout the municipality, and demonstrates that the comrades of the Ministry of Petroleum Industry and the Huabei oil field have given vigorous support to the municipality. All of you have worked so hard that we, on behalf of the people of Beijing Municipality, would like to extend special appreciation to you. Zhao Zongnai stated: The current project is only a start in supplying natural gas to the municipality, which expects to receive more gas supplies in the future.

In order to supply natural gas to Beijing Municipality as soon as possible, the staff members and workers who have been involved in the project have achieved faster development in the construction by racing against time and stepping up operations. The project of building the gas distribution station at Nanmeng and the No 39 concentration well at Guxinzhuang has been completed ahead of schedule, providing conditions for the supplying operation. Most of the equipment at the gas distribution station at Yongqing has been well set, and specific machines were put into trial operation on 1 October. The relevant project of building the 110-KVA transmission line and the transformer station was prefulfilled by 4 months. At present, these staff members and workers are stepping up their winding-up work on the project, which is expected to be completed by late October.

BEIJING ACHIEVEMENTS IN INTELLECTUALS POLICY

SK190323 Beijing BEIJING RIBAO in Chinese 5 Oct 85 p 1

[Text] Our municipality has scored gratifying achievements in implementing the policy towards intellectuals. Thus far, the municipality has thoroughly rehabilitated 15,800 intellectuals who suffered injustice during the "Great Cultural Revolution" period, and has promoted some 36,300 intellectuals to leading posts at the bureau, section and office levels. Over the past 2 years some 30,000 intellectual households have happily moved into new houses or had their houses repaired.

Since 1982 the municipality has conducted inspections on four occasions on the implementation of the party's policy towards intellectuals. In accordance with the party's policy of "treating intellectuals equally without discrimination in politics, giving a free hand to intellectuals in their work, and giving preferential treatment to intellectuals in livelihood," our municipality has done good turns for intellectuals in the following aspects:

1. We have reexamined and reversed many unjust, false and wrong verdicts for intellectuals. We have returned, or compensated for at a fair price, the property and articles of 131 intellectuals that had been confiscated during the "Great Cultural Revolution" period, and returned to them 4,153 houses occupied during the period.

2. We have solved the difficulties intellectuals encountered in joining the party. Over the past 6 years our municipality has recruited 24,000 intellectuals into the party. Among the newly developed party members, the proportion of intellectuals has gone up from 16.04 percent in 1979 to 28.1 percent.

3. We have selected and promoted a large number of outstanding intellectuals in the prime of life to leading bodies at all levels. In 1983, the municipality promoted some 1,700 outstanding intellectuals to leading posts at or above the section level; and in 1984, another 3,884 intellectuals were promoted. Thus far, intellectuals holding posts at the bureau level account for 67.2 percent of total cadres at the bureau level; and intellectuals holding posts at the section level account for 55.9 percent of the total cadres at that level.

4. We have solved the problem of professional and technical personnel being unable to practice their speciality. Over the past 2 years various units have changed jobs for more than 11,000 intellectuals who had not been properly employed; and some 3,400 graduates of universities, colleges and secondary professional schools who had been used as workers for various reasons have stepped into technical posts.

5. We have invited more than 600 specialists and professors to serve as technical advisers to the municipal people's government, and invited some 6,000 to 7,000 technical personnel to serve as technical advisers to various districts, counties, bureaus and grassroots units. They have played an active role in developing various undertakings in Beijing.

6. We have taken concrete steps to gradually improve the work and living conditions of intellectuals. For instance, we have given subsidies to 408 senior intellectuals whose wages were relatively low. With the approval of the State Council, we have circumvented the rules, giving two to three grades of wages increases to those young and middle-aged specialists who have made outstanding contributions. We have given handsome bonuses (from 1,000 to 10,000 yuan apiece) to those intellectuals who have scored remarkable achievements. The municipal CPC Committee and the municipal people's government have allocated 2,000 yuan of special funds to build 5,000 square meters of housing for intellectuals and build 100,000 square meters of housing for primary and middle school teachers. We have actively solved the problem of some intellectuals long forced to live apart from their spouses. Over the past few years a total of 11,000 intellectuals in the municipality have reunited with their spouses. We have also conducted physical examinations for middle-aged intellectuals once every year.

There are also some problems in work towards intellectuals. For instance, some problems left over by history have not been thoroughly solved. Some units now still have situations in which talented people remain unused, or are oversupplied and wasted. The study, living and work conditions for young and middle-aged intellectuals needs further improvement. At present the municipality is conducting its fourth inspection on the implementation of the policy towards intellectuals. In line with the concrete situation of the municipality, the municipal CPC Committee has decided to make efforts to prefulfill the task of implementing the policy towards intellectuals and solving problems left over by history.

HEBEI RIBAO ON CONTROLLING CAPITAL INVESTMENT

SK180538 Sheijiazhuang HEBEI RIBAO in Chinese 2 Oct 85 p 1

[Text] Since the beginning of this year, our province has strictly controlled the scope of investment in capital construction, earnestly sorted out capital construction projects in accordance with the relevant state and provincial stipulations, cut 273 construction projects not covered by the plan or not included in the fixed assets investment plan, curtailed investment by 107 million yuan, and strictly restricted the province's capital construction investment within the scope checked and ratified by the state.

This year our province's state-assigned local capital construction investment was 1.095 billion yuan. As of August, the province's investment in local capital construction projects reached 455.75 million yuan, accounting for 41.5 percent of the annual plan. In order to strictly control the scope of capital construction in the localities, in June and July, the provincial government transferred cadres to form 11 work groups to comprehensively find out the scope of capital construction work of various prefectures and cities, and make suggestions for readjustment. After the investigation of the provincial responsible departments, our province decided to stop or delay construction on 273 projects whose funds were raised by the localities, and curtailed investment by 107 million yuan, thus bringing the province's capital construction investment scope within the state-stipulated investment target. The province also announced that this year the original decision allowing a 10-percent increase in the locally-raised investment target will not be implemented temporarily. In addition, efforts should be made to resolutely reduce the increased targets.

As for capital construction projects carried out by the collective units, the various prefectures and cities as well as the relevant provincial-level departments have strengthened macroeconomic guidance and prevented blind and duplicated project construction. Our province has also controlled the construction of projects that might consume a great amount of energy and cause serious pollution. The various prefectures and cities have also stipulated methods for examining and approving the projects.

HEBEI SECRETARY HAILS PROPOSAL ON FOOD HYGIENE

SK180755 Shijiazhuang HEBEI RIBAO in Chinese 3 Oct 85 p 1

[Excerpt] Following Comrade Hu Yaobang's proposal for a system whereby everyone uses their own tableware, leading comrades of the provincial CPC Committee, the provincial government, and the provincial CPPCC Committee, including Xing Chongzhi, Yin Zhe, Liu Ying, Wang Zuwu, Du Benjie, and Wang Enduo, have written speeches resolutely supporting Comrade Hu Yaobang's call, and simultaneously supporting the decision of the provincial commission for patriotic health campaign and the provincial Public Health Department concerning the system of everyone using their own tableware first among the reception organs at the provincial, prefectural, city, and county levels.

Comrade Xing Chongzhi, secretary of the provincial CPC Committee, said: The system of every one using their own tablewares is a good method worthy of vigorous advocacy and popularization. This is a practical measure for cultivating a habit of attention to hygiene. I endorse it very much. The tendencies of not tending to (both individual and social) hygiene are due to many causes existing in our livelihood. Thus, we must change these tendencies one by one. We should conduct propaganda and education to arouse the whole society to engage in the work. The system should be carried out first in reception centers, then hotels, and then cafeterias at urban and rural areas; and then be popularized among every household. Through several years' efforts, we will be able to enhance hygiene work to a new level.

NEI MONGGOL LEADERS AT MEMORIAL FOR CPC LEADER

SK190436 Hohhot Nei Monggol Regional Service in Mandarin 2300 GMT 18 Oct 85

[Excerpts] On the morning of 18 October, regional party and government leaders and people of various nationalities from various circles gathered with deep grief at Hohhot's Daqingshan cemetery for revolutionaries to solemnly place the ashes of Comrade Shi Guanghua, a fine CPC member, loyal proletarian revolutionary fighter and good son of the people of various nationalities of Nei Monggol.

Comrade Shi Guanghua died in Hohhot on 10 October at the age of 64. Before he died, he served as Standing Committee member of the Nei Monggol Autonomous Regional CPC Committee and secretary of the regional Discipline Inspection Commission.

Attending the ceremony and sending wreaths were Zhou Hui, Bu He, Batubagen, Tian Congming, Cai Ying, Wu En, Li Xiangyi, Xu Linren, Zhou Rongchang, Ma Zhenduo, Wen Jing, Zhang Pengtu, Ke Ligeng, Li Binsan, Han Feng, Qi Junshan, Li Wenjing, Li Wen, Hao Xiushan, Zhou Beifeng, He Yao, Seyinbaya'er, Chao Luomeng, Bute Geqi, Alatanaoqier, Hu Zhongda, Liu Zuohui, Bai Junqing, Zhao Zhihong, Liu Yiyuan, Fang Chenghai, Zhang Fenglin, Yang Dalai, Wang Linzhong, Chen Bingyu, Wu Ligeng, Han Ming, Li Shuyuan, Baoyanbatu, and Yun Zhaoguang.

Also attending and sending wreaths were Han Wengui and Ba Shijie, deputy secretaries of the regional Discipline Inspection Commission; Su Lei, Cheng Fengtao, (Jin Moyan) and (Mo Zhiqin), Standing Committee members of the regional Advisory Commission; Ting Mao, member of the Central Advisory Commission; Kong Fei, Standing Committee member of the national CPPCC Committee; Liu Yunshan, alternate member of the CPC Central Committee; Huang Hou, Zhang Rugang, Liu Chang, Peng Sike, Wang Jiangong, Wu Daping, Qi Yongcun, Wang Haishan, (Qi Da), (Seyinzhabu), (Ta La) and (Li Cunyi), veteran comrades who have worked for a long time in the region; responsible comrades of the various units of organs directly under the region; leading comrades of Jirem and Xilin Gol Leagues and some leagues and cities where Comrade Shi Guanghua worked; and representatives of the CPC Committee and government of Shaanxi's Gaoling County, the hometown of Comrade Shi Guanghua.

Those who sent wreaths were Comrades Ulanhu, Xi Zhongxun, Wang Zhen, Zheng Tianxiang, Ma Guorui, Wang Enmao, Su Qianyi, You Taizhong, Qiang Xiaochu, Yang Zhilin, Qiang Xinzhong, Zhang Ce, Gu Jingsheng, Hu Zhaocheng, Li Gui, Liu Guiqiang, Peng Mengyu, Su He, (Ren Ying), Wang Xianjin, Huo Mingguang, Liu Yunzhao, Ruan Bosheng, Wang Xi, Zhang Tiejun, Zhao Qi, Zhaxiwanxun, Qian Fenyong, Wang Duo, Lin Weiran, Shen Xinfu, (Zhou Ji), Sun Fangenfeng, Yang Lingde, Wei Zhaorong, Liu Zhenyi, Kui Bi, Wang Yilun, Wang Zaitian, Gao Zengpei, Li Sen, Zhao Zhanshan, Han Shijin and Liang Yiming.

Batubagen, deputy secretary of the regional CPC Committee and chairman of the regional People's Congress Standing Committee, officiated at the ceremony. Zhou Hui, secretary of the regional CPC Committee, gave a memorial speech. After introducing the life of Comrade Shi Guanghua, he said: Comrade Shi Guanghua was always loyal to the party, the people and Marxism-Leninism-Mao Zedong Thought. Fighting and working for 40 years in Nei Monggol, he devoted all his energy to Nei Monggol's revolution and construction, and prosperity and development. He was greatly supported and loved by the cadres and people of Monggol, Han and other nationalities.

Comrade Zhou Hui said: In mourning Comrade Shi Guanghua, we should learn from his firm revolutionary will; his pioneering spirit; his openness to change; his way of thinking; his leadership in persistently seeking truth from facts, in proceeding from reality, and effectively summing up experiences; his revolutionary mind in being strict with himself and lenient with others; his noble character of honesty in the performance of his duties, seeking no selfish interest; his revolutionary sentiment in educating his children with communist ideals and moral integrity and setting strict demands on them; and his fine tradition of being modest, prudent, amiable and easy to approach, cherishing cadres, showing concern for other comrades, establishing close ties with the masses, adopting a democratic work style, working hard and leading a plain life.

NEI MONGGOL SUCCESS IN READJUSTING LEADING BODIES

SK180615 Hohhot NEIMENGGU RIBAO in Chinese 1 Oct 85 p 1

[Excerpts] In accordance with the central authority's requirements for "ensuring that the ranks of the cadres become more revolutionary, younger in terms of average age, better educated, and more professionally competent," since 1982, under the unified leadership of the regional CPC Committee, the region has successively readjusted the leading bodies at all levels. Leading organs at all levels have made greater improvements in ensuring that their members become more revolutionary, younger in terms of average age, better educated, and more professionally competent. Their political and ideological quality has been further upgraded. Remarkable achievements have been made in replacing the old leading cadres with new ones.

During the past 3 years, about 6,000 young and middle-aged cadres have successively taken leading posts at and above the county section level. Leading bodies at all levels have made big progress in terms of conforming to the "four requirements." After readjustment, the average age of cadres of the organs directly under the jurisdiction of the region at the department and bureau levels declined from 59.9 years to 52.4 years. Among these cadres, 49.8 percent have received university-level education or above -- an increase of 30.4 percent. After readjustment, the average age of secretaries, deputy secretaries, heads, and mayors of all leagues and cities was 49 years, a drop of 8 years. Of the new leaders, 46.7 percent received university-level education or above, while only 2.6 percent of the former ones received such education. The average age of the banner and county party and government leading bodies is 43.8 years, a drop of 8.2 years. Among these leading bodies, those with university-level education or above account for 43.6 percent -- an increase of 35.6 percent over the former ones.

Many old cadres who had made contributions to revolution and construction have pushed forward and made valuable contributions to the work of replacing the old leading bodies with new ones. They have advanced the work, keeping in mind the interests of the party and the people, by actively withdrawing to the second- and third-line posts. Since October 1982, more than 8,000 leading cadres at and above the county section level across the region have withdrawn to the second- and third-line posts. Of them, more than 400 were cadres at and above the department and bureau and the league and city levels.

Under the leadership of the regional CPC Committee, the organization department of the regional CPC Committee and relevant departments have done a lot of work in this regard. The organizational department of the regional CPC Committee has played an exemplary role. The average age of the cadres of the organizational department is 38 years, and 71 percent of the total cadres received university-level education or above.

At present, party organizations at all levels across the region are enthusiastically engaged in the construction of the third echelon. They have used various means to extensively discover talented persons and made a plan for working out measures to cultivate talented persons. Some have been transferred to work at the grass roots in order to receive education. Some have been sent to party schools at all levels to study theory and specialized knowledge. Some have readjusted their work posts in order to receive an overall education. A good foundation has been laid for the region's further replacement of the old with the new.

SHANXI PARTY LEADER SPEAKS ON CURRENT ISSUES

HK180223 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 17 Oct 85

[Excerpts] The second enlarged plenary session of the Fifth Shanxi Provincial CPC Committee concluded in Taiyuan on 16 October, after 6 days in session. Participating comrades seriously studied and discussed the spirit of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee, and studied ways of publicizing and implementing it. They applied the dialectical materialist viewpoint to view and analyze the situation. They affirmed the correctness of the CPC Central Committee's line, principles and policies, fully agreed with its scientific conclusion that the task of striving for a fundamental turn for the better in the financial and economic situation has been basically achieved, and strengthened their resolve and confidence in making a success of reform. They also factually analyzed the current problems in work, and resolved to take effective measures to solve them.

Comrade Li Ligong delivered a summation speech. He spoke on the following points regarding studying, publicizing, and implementing the spirit of the National Conference of Party Delegates:

1. The leaders at all levels must take the lead in studying, publicizing, and implementing the spirit of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee, and apply the spirit of the national conference to unify the thinking and action of the whole party. This is currently the primary task in ideological and political work for the party committees at all levels.

We must pay attention to the two trends of reporting only good news, not bad, while stressing the excellent situation, and of describing the situation as an awful mess while stressing existing problems. While stressing the excellent situation and enhancing everyone's confidence and boldness to forge ahead, we must honestly view the difficulties and problems in work currently facing us, and explain that the party and government are struggling to overcome these difficulties. We must mobilize the masses to work with us to overcome the difficulties and strive for a still brighter future.

It must be pointed out that in recent years, due to the weakening of ideological and political work, the failure to bring into play the role of the grass-roots party organizations, and the insufficient effectiveness of our propaganda work in all respects, many of the masses and some grass-roots cadres only know about the readjustments of party policies without understanding the reasons for them. This affects people's consciousness and staunchness in implementing the policies. Therefore, while currently publicizing the spirit of the National Conference of Party Delegates, we must carry out relatively systematic education in policies to make up for this missed lesson.

2. We must train some propaganda backbone forces and compile some outlines and guidance material for propaganda work. The party schools at all levels must regard the documents of the National Conference of Party Delegates as their chief topic of study. They must also hurry to train a number of propaganda backbone forces, who should then go among the masses to conduct propaganda and provide guidance. Institutes of higher education must spend a concentrated period of time conducting education on the situation and policies for the students. The party committees at and above county-level must organize the propaganda, press, and other departments to compile and write some convincing guidance material for propaganda work and some weighty commentaries and theoretical articles.

3. It is essential to step up ideological and political work. The CPC Central Committee Secretariat is revolved to concentrate efforts for a time in grasping party style and ideological and political work. The party committees at all levels must keep up with the arrangements made by the CPC Central Committee, and from now on put ideological and political work on their agenda.

4. Armed with the spirit of the National Conference of Party Delegates, we must properly and seriously solve a number of practical problems. Propaganda must be translated into specific action. At present two main problems arouse the most discontent among the masses: 1) bad party style; 2) rising prices. The main problem in party style is that certain leading cadres use their power to pursue private interests, indulge in bribery and corruption, give banquets and present gifts, go in for extravagance and lavish waste, and submit false reports. These things arouse public anger among the masses. In solving these problems, apart from stepping up ideological work and education in discipline, the party committees must choose and deal severely with a number of cases that have aroused anger among the masses and are of educational significance, and hold public sentencing rallies.

In carrying out party rectification, we must regard improving the party style as a major point that must certainly not be dealt with in superficial way. How well this problem is solved must be regarded as one of the main hallmarks for judging the success or failure of party rectification.

Regarding price increase, it is essential to strengthen planning management and resolutely correct the phenomena of randomly hiking prices in violation of regulations. Government at all levels must strengthen leadership, exercise supervision, and be concerned for the masses' problems in daily life. Typical cases of randomly hiking prices must be dealt with promptly and severely.

SHANXI LEADERS ATTEND CLOSE OF WOMEN'S CONGRESS

HK200241 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 19 Oct 85

[Excerpt] The Sixth Shanxi Provincial Women's Congress victoriously concluded on 19 October. Before the closing ceremony commenced, leaders of the provincial CPC Committee, Advisory Commission, People's Congress Standing Committee, and government who attended the ceremony, including Li Ligong, Wang Senhao, Lu Gongxun, Zhang Changzhen, and Zhang Weiqing gathered in the Taiyuan Workers' Cultural Palace to meet relatives of the martyr (Ma Mudan).

GANSU IMPROVES QUALITY OF LEADING CADRES

HK170231 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 16 Oct 85

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, in accordance with the central demand for four transformations of the cadre force, Gansu Province has carried out readjustments of the leadership groups at all levels in a planned and measured way, thus bringing about notable changes in the age structure and education standards of these groups.

At present the average age of the leadership groups of the 52 party, government, and mass departments subordinate to the provincial authorities is 51.7 years, and 51 percent have college education or higher. The average age of leadership groups of 42 prefectural-level enterprises, units, and undertakings is 49.1 years, and 73.9 percent of their members have college education or higher. There has also been a big reduction in the average age of the leadership groups of the 14 prefectures and cities and of over 80 counties, county-level cities, and districts, while their educational standard has also improved.

Apart from this, in accordance with the demands of the national forum on building enterprise leadership groups, readjustment has not been completed of the leadership groups of the province's 43 large and medium backbone enterprises.

GANSU LEADERS DISCUSS RECTIFICATION PROBLEMS

HK200233 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 19 Oct 85

[Text] A provincial forum on second-stage party rectification that concluded today proposed that leadership be strengthened over party rectification in accordance with the spirit of the National Conference of Party Delegates. Focusing on rectifying party style, each stage of party rectification should be done better than the previous one. During the meeting, Li Ziqi, secretary of the provincial CPC Committee; Liu Bing, deputy secretary; (Sun Ping), head of the northwest inspection group of the Central Commission for Guiding Party Rectification; and Wang Zhanchang, secretary of the provincial Discipline Inspection Commission, made speeches on rectification works, correcting party style, and straightening out unhealthy trends.

Comrade (Sun Ping) said in his speech: Generally speaking, a good start has been made in the second group of units involved in second-stage party rectification in Gansu, and the development momentum is relatively good. However, there are also problems of uneven development. In particular, quite a large number of units are rather far from meeting the demands of the CPC Central Committee and the masses' hopes.

Comrade Wang Zhanchang listed the current problems in party style, and pointed out: It is necessary to put correcting the party style in an important place on the agenda, regard it as a cardinal affair in party building, and take resolute and decisive steps to rapidly get things going.

Comrades Li Ziqi and Liu Bing focused on strengthening leadership over party rectification work. Comrade Liu Bing said: In this party rectification, we must solve well the problem of having the party take care of itself. The number one men of the prefectures and counties must personally grasp party rectification.

Comrade Li Ziqi said: At present some leading cadres of party committee departments have not sufficiently corrected their guiding thinking on professional work. They only pay attention to economic work and have not assigned ideological and political work to its proper place. The problem of how to view party rectification has not been truly solved.

Through studying the documents of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee, we must enhance understanding of the importance of building spiritual civilization, persistently build the two civilizations together, and summon up great resolve and effort to do a good job in party rectification work. We must build our party well and promote the building of socialist material and spiritual civilization.

Station Commentary

HK200237 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 19 Oct 85

[Station commentary: "Step Up Party Rectification Work and Straighten Out the Party Style"]

[Excerpts] As a result of 2 years of rectification, party organizations at all levels have done a lot of work in straightening out party style and scored some success. The development momentum is good. However, we must realize that the task of bringing about a fundamental turn for the better in party style remains very arduous. Quite a number of units involved in party rectification fail to set strict demands or high standards, and do the work in a generalized way. In particular, they have failed to get a good grasp of straightening out party style, and have not made big breakthroughs in investigating and dealing with important cases.

At present we must seriously study and implement the spirit of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee, overcome trends of neglecting the building of spiritual civilization, not attaching importance to party style, and setting party rectification and economic work against each other or separating them from each other. We must step up party rectification work, truly rectify the party style, and promote the building of the two civilizations.

While conducting education in party spirit, party organizations at all levels must resolutely clear away interference, dare to break through protective screens and networks of relationships, and exert great efforts in seriously doing a good job of investigating and handling important cases. Malpractices can only be curbed and uprightness promoted if we thoroughly investigate and deal seriously with grave cases of malpractice that arouse the strongest reaction among the masses and have the greatest impact on them.

QINGHAI LEADER INSPECTS MADUO COUNTY GRASSLANDS

HK220209 Xining Qinghai Provincial Service in Mandarin 2330 GMT 21 Oct 85

[Excerpt] Qinghai Provincial CPC Committee Secretary Yin Kesheng and a 13-man party braved wind and snow to inspect the Maduo grasslands from 17 to 19 October. They encouraged the people of Maduo County to do a good job in economic construction and promote education for minority nationalities.

Sparsely-populated Maduo County has broad grasslands and rich resources. Over 700 people came to tour and investigate the county this year. There was a heavy snowstorm on 17 October as Comrade Yin Kesheng arrived and listened to reports given by county leaders. They also met a number of the cadres and encouraged them to work hard to boost the county's economy. Yin Kesheng said: Maduo County's economy cannot be developed just by relying on animal husbandry. The county must also develop alluvial gold production and tourism. Comrade Yin Kesheng also stressed: It is necessary to strengthen nationality unity. Organizations at all levels must implement democratic centralism.

WEN WEI PO OUTLINES PRC'S POST-REFORM ARMED FORCES

HK170723 Hong Kong WEN WEI PO in Chinese 17 Oct 85 p 2

["Special Feature" by Beijing correspondent Cheng Hsiang: "China's Post-Reform National Defense Strength"]

[Text] Beijing, 16 Oct -- This year China announced a large-scale reform of its Armed Forces. In this reform there is nothing more spectacular than the troop reduction of 1 million soldiers and the reorganization of military regions. What effects will these measures have on national defense in the future? This is a question of great concern to all people.

First, let me discuss the question of "cutting the Army by 1 million men." As far as we know, the actual strength of the Armed Forces has not been weakened by the reduction by 1 million men. This is because the specified number of regular troops has not been basically changed. The main aspects affected by the Armed Forces force reduction are: 1) The original troops of mixed labels (referring to the troops attached to regular establishments) have been changed into local Armed Forces; 2) the troops garrisoning the frontiers or under different garrison commands have been changed into local frontier guards, garrison divisions, and People's Armed Police; 3) the original engineers corps has been placed under a "civilian administration" (the Railway Engineers Corps and the Capital Construction Corps were placed under a "civilian administration" 2 years ago); 4) the soldiers at the grass-roots levels "in excess of the specified number" have been demobilized; (Note: China's Armed Forces have consistently followed the "three-three" establishment, namely, there are three divisions in an Army-level unit, three regiments in a division, three battalions in a regiment, three companies in a battalion, three platoons in a company, and so on. After taking charge of the Ministry of National Defense, Lin Biao, in an attempt to expand the Army, expanded the establishments of units at and below the regimental levels so that a regiment might consist of four or five battalions and a battalion might consist of five or six companies. The result was that the grass-roots units were gradually overstaffed. In 1979 a reorganization was conducted but now, troops in excess of the specified number are being more thoroughly reduced); and 5) with the exception of the 2d Artillery Corps, all other service arms have been incorporated into the General Staff Department, thus drastically reducing the command organs of the different service arms. Viewed from the above-mentioned aspects, the actual strength of China's Armed Forces has not been weakened by the "reduction by 1 million men." On the contrary, following the reduction in the absolute number of soldiers, the per capita military expenditures and weapons quantities have been considerably increased and the level of mechanization has been greatly raised. Moreover, continuous improvement of the "three-three" establishment is also advantageous to the efforts of placing the Army on a regular and systematic basis.

Next, let me discuss the reorganization of military regions. The practical effect of the present reorganization is that it has greatly raised the status of the military regions and enhanced their combat effectiveness. Some persons have used the following example to describe the combat effectiveness of the military regions before and after the reorganization: In the past it was necessary to mobilize the forces of several military regions to wage the self-defense counterattack against Vietnam; in the future the force of one military region will be sufficient to wage an operation on a similar scale.

Two important measures have been adopted in the reorganization of the military regions. First, the 11 military regions throughout the country have been streamlined and reorganized into 7 military regions. This has enabled each military region to have more areas under its control and to have more weapons at its disposal. Second, the right to command the different service arms has been virtually transferred to the military regions. In the past, a few service arms were placed under the command of headquarters especially established by the central authorities. For example, the tank units were under the armored force command.

Now, with the exception of the 2d Artillery Corps, these service arms have been placed under the command of the military regions. The original commands have been reorganized into departments under the General Staff Department. For example, the armored force command and the chemical warfare corps command have been incorporated under the General Staff Department under the names of the Armored Force Department and the Chemical Warfare Department of the General Staff Department. They have become administrative organs because their command right has been transferred to the military regions. Therefore, the service arms and the firepower of the reorganized military regions have improved considerably.

It is estimated that after the reorganization, China's military organization will probably evolve into the following pattern: The supreme commander will be the central Military Commission, under which there are three general departments, namely, the General Staff Department, the General Political Department, and the General Logistics Department, plus a National Defense Department in charge of military industrial production and military training. Of the three armed services, the Navy and the Air Force will have a commander each while the Army will have commanders of military regions. The army will consist of Army-level units, divisions, regiments, battalions, companies, platoons, and squads. The Navy will consist of fleets (at the Army level), and boats (at the battalion level) [da dui ji 1129 7130 4787].

The Air Force will consist of Army-level units, divisions, regiments, wings [da dui 1129 7130], and squadrons [zhong dui 0022 7130]. As for the original arms of the services, including the armored, communications, chemical, and artillery corps, they will be placed under the command of military regions, with the exception of the 2d Artillery Corps. Listed as an independent arm, the 2d Artillery Corps is similar to the Soviet rocket or missile unit. With the national defense modernization, it will probably be promoted to an armed service in the future.

PRC 'CENTRAL LEADER' STRESSES RECTIFYING DISCIPLINE

HK151043 Hong Kong MING PAO in Chinese 15 Oct 85 p 6

["Special Dispatch From Shanghai": "Central Leader Stresses Rectifying Discipline Must Start With the Party Committees"]

[Text] A CPC central leader has recently pointed out: Rectifying discipline must start with the party committees; it should be conducted from top to bottom, and we should not seek scapegoats.

A report in "Zhugong Tongxun" [Organization Work Newsletter] says: A CPC central leader has recently pointed out that a party, a nation, and a country just cannot do without strong discipline.

According to this leader, it is imperative for us to solemnly deal with this question. We should not forget a saying based on experiences in the old society, namely "if a leader sets a bad example, it will be followed by his subordinates," and "when those above behave unworthily, those below will do the same." If the leadership should go in for establishing relations on the basis of personal intimacy, their subordinates will go in for factionalism; if the leadership should show consideration for other's feelings, their subordinates would trample on principle and go in for the way to deal with a situation; if the leadership should go in for special privileges, their subordinates will engage in conduct which seriously violates law and discipline; and if a leading organ is not working hard, the subordinate organs will become lax in discipline. Therefore, if a leading cadre fails to play an exemplary role, he will not be so convincing when he criticizes others!

He says: "The recent speech of Comrade Qu Xiao in a television broadcast has brought a strong response from the young people, and the main point is his suiting actions to his words.

"Comrade Yu Qiuli pointed out at a recent meeting that when a person with lofty ideals talks about ideals, and when a person who has a strong sense of discipline talks about discipline, those who listen to them will be genuinely moved. I found that Comrade Yu Qiuli had put it wonderfully well."

This central leader stresses: "Our party committees at all levels should have a very clear understanding on this point, namely, playing an exemplary role, starting with oneself, from top to bottom. Rectifying discipline must start with the party committees, from top to bottom, and no scapegoats should be sought. One locality holds that since some scoundrel was put under arrest, the social atmosphere there has greatly changed for the better. This is a sheer lie."

It is learned that the CPC is rectifying the party style and discipline again based on the spirit of Chen Yun's speech delivered at the National Conference of Party Delegates.

In his speech Chen Yun stressed: "We must on no account dismiss the importance of improving party conduct. First, party organizations at all levels should pay full attention to this. Second, leading cadres at all levels, particularly senior ones, should do so and set good examples. Third, veteran party members and cadres, including those who have resigned from leading posts or have retired altogether, should pay full attention to the task. There is no such thing as retirement when it comes to setting good examples, concerning oneself about party conduct and discipline, and exercising supervision. Every party member should always stand at the front line so long as he or she is alive." This CPC founding member and first secretary of the central Discipline Inspection Commission hopes that "the party's senior leaders will set a good example in educating their children, who absolutely must not use their parents' positions to pursue personal power and interests and obtain privileges."

CORPORATE VIOLATIONS HURT PRC EARNINGS

HK160213 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS SUPPLEMENT) in English 16 Oct 85 p 1

[Report from Guangzhou by Olivia Sin]

[Text] Some state-owned Chinese corporations are guilty of violating the country's stringent measures to control the export of parallel goods, a Beijing foreign trade official said yesterday.

China is using export licences and quotas to stem the flow of parallel goods which have hurt the country's export earnings.

Mr Chen Jie, a representative of the Ministry of Foreign Economic Relations and Trade, said some Chinese corporations have illegally sold their quotas and made false claims to obtain licences. "We have measures and they (the corporations) have tactics to counter them," he told BUSINESS NEWS at a reception to mark the opening of the Guangzhou Autumn Trade Fair.

Mr Chen, vice-chairman of the fair's organising committee, said the Guangzhou Textile Import and Export Corp was recently penalised for illegally changing the terms of three export licences.

Parallel goods are those exported through unofficial channels and are sold much cheaper than the official exports.

Mr Chen admitted the parallel goods trade is closely linked to the black market in foreign currency in China.

It is understood that although parallel goods are sold cheap, the exporting corporations can still make money by speculating in foreign exchange on the black market. Mr Chen said China has to tighten its control over foreign currency and the issue of export licences and quotas. About 150 export items have been put under controls, including rice, cotton, sweet corn and tungsten, which are exported in large quantities, he said.

Mr Chen blamed the parallel goods for the drop in China's export earnings.

Earlier, a group of businessmen from Hong Kong's Chinese General Chamber of Commerce attended a meeting called by fair officials to discuss measures to further curb exports of parallel goods. The meeting was attended by Jia Shi, deputy minister in the Ministry of Foreign Trade, whose presence signified the importance China attaches to the fair. At the meeting, the issue of export licences to centralise control over exports was criticised as a step backwards for China's liberalised trade policy. "While we impose controls over the unauthorised exports, we will make sure the corporations will be given autonomy to conduct trade," he said.

Mr Chen said China's "import craze" has been controlled and a lower trade deficit is expected by the end of the year.

China suffered a trade deficit of about U.S. \$7 billion in the first seven months of this year mainly because of runaway imports of consumerables and discouraging export performance.

Mr Chen said the soft demand in overseas markets for China's cotton and rice was partially responsible for the drop in exports.

An official from the Ministry of Foreign Trade said China's import programme will pick up later this year.

HONG KONG POLITICAL OBSERVER ON PRC INTERVENTION

HK170806 Hong Kong SOUTH CHINA MORNING POST in English 17 Oct 85 pp 1, 10

[By Jamie Walker]

[Text] An influential political observer warned yesterday that China would intervene in Hong Kong affairs despite its pledge to maintain the territory's freewheeling lifestyle and systems for 50 years after 1997.

Mr. T.L. Tsim, a director of the Chinese University Press, told a Hong Kong Management Association seminar he "remained sceptical" that the China-British Joint Declaration would guarantee Hong Kong a high degree of autonomy under the Chinese. He said: "The illusion that China will not intervene in Hong Kong affairs should by now be dispelled. The high-minded argument that it is clearly not in China's national interest to meddle in Hong Kong's affairs comes to grief precisely because China deems it necessary to intervene to protect its own interests. Herein lies the contradiction.

"And the difference of perception is the crux of the matter. My reading of the present situation then, is that the Hong Kong-China relationship will evolve according to a script laid down by Beijing."

Mr Tsim said he believed the Hong Kong-China relationship would develop in a one-sided manner -- "all in China's favour. People who have placed such high hopes on a detailed written agreement which promises that nothing would change for 50 years have not so long ago heard (Chinese leader) Mr Deng Xiaoping's latest pronouncement that there is nothing to fear from changes for the better," Mr Tsim said.

"I suppose it depends on what you mean by better and by whose criteria that is determined. The sceptic in me could not refrain from making the remark that after 1997, the only thing that may stay unchanged for 50 years is civil servants' salaries -- again because Mr Deng has said they were too high."

Mr Tsim's speech echoed concern voiced in the wake of controversy over Government initiatives such as the shelved Trial of Complex Commercial Crimes Bill, the proposed Objectionable Publications Tribunal and the Legislative Council (Powers and Privileges) Bill. Some political observers have suggested that the rows damaged the Government's credibility. Mr Tsim, a respected political analyst, said he had never seen such dissension and political strife in the territory as had occurred over the past 12 months. "Consensus politics may no longer be possible under present circumstances," he warned. "Essentially, we are entering uncharted waters with an authority crisis on our hands. It is now clear that Hong Kong, long perceived as an apolitical entity, has harboured political opinions of many persuasions and a splintering of political opinion has led to a splintering of political groupings with many of them no bigger than the congregation we have here with us today."

Mr Tsim did, however, offer some hope for the future -- China appeared to be intent on preserving the prosperity of Hong Kong.

PRC OFFICIAL SEES NO DOMESTIC ROLE FOR FOREIGN INSURERS

HK170345 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS SUPPLEMENT) in English 17 Oct 85 p 5

[By Francine Brevetti]

[Text] Foreign insurers will never do business in China -- not even in the special economic zones, Mr Zhang Dian, a director of the People's Insurance Co of China [PICC], said in a recent interview.

After months of making public statements that it was considering allowing non-Chinese companies to do business in the zones, the government insurer seems to be taking it all back. Reports in April and May quoted PICC vice-chairman, Mr Song Guohua, as saying new regulations on the entry of non-Chinese insurance companies would be announced at the end of the year. But in a recent discussion, Mr Pan Lufu, general manager of administration, said: "We were just considering it. We are not still considering it."

China allows foreign insurers to reinsure Chinese direct insurance on foreign risks. Would foreign insurers ever do business in China on an equal footing with domestic insurers? Mr Zhang said he was afraid not. He pointed to the very short period the PICC had been making profits. If the firm had 15 to 20 years of experience, then there might be some freedom for foreign companies to operate, but not now, he said.

It needs to be remembered, however, that China frequently and abruptly changes policy. Nothing is fixed forever in an energetic, if sometimes erratic, country.

The apparent about-face appears to reflect fears foreign companies would offer artificially low rates to attract Chinese business.

China's earthquakes last month seemed to heighten Mr Zhang's concern such companies would not have enough insurance capacity to cover the many cataclysms the country is prone to. Mr Zhang said he expected the insurance market in China would grow in the same proportion as the rest of the economy -- 200 percent by the year 2000 for domestic business -- and foreign coverage in the same proportion as the growth of foreign trade.

PICC said it earned 1.5 billion yuan (HK\$3.75 billion) on domestic and foreign business in the first half, almost 70 percent above the corresponding period last year. Mr Zhang attributed the growth in premiums to the new responsibility system, under which factory managers have more say in operations. As a part of it, the Government no longer takes responsibility for damage on industrial premises.

Previously, if a factory burned down, the managers would simply wait for the Government to allocate money for re-construction. Now the Government tells managers they are on their own, so insurance has become important. "Formerly, we were operating from a big pot. Now everybody has his own pot to take care of," Mr Zhang said.

China's law on joint ventures requires the entities to be insured by PICC.

American companies with partnerships in China have complained that PICC does not cover them adequately for certain losses and liability. They also complain of delays in claims payments and frequent incidences of non-payment for risks they understood to be covered.

Mr Zhang expressed surprise at these complaints, saying he had never heard them before. He acknowledged Chinese underwriters need more experience and technical knowledge, but if customers felt they were underinsured, "they need only ask for more coverage".

China recently passed a law allowing any party with a stipulated minimum capital base to start an insurance company. The criteria are \$7 million to issue both kinds of policy. Although the law doesn't specify, it was intended to allow provinces to institute their own insurance companies.

As for the possibility of individuals or groups of investors starting insurance companies, Mr Zhang observed it was very difficult for anyone to amass that much capital in China.

PRC CONCERNED ABOUT TAIWAN ACTIVITIES IN HONG KONG

HK170307 Hong Kong SOUTH CHINA MORNING POST in English 17 Oct 85 p 14

[By Terry Cheng]

[Text] Chinese officials in Hong Kong are concerned over Taiwan's increased political activities in the territory. This was hinted at by a senior Chinese official during a recent press briefing.

Matters causing most concern are understood to be Taipei's attempts to drive a wedge in the relationship between Hong Kong and the mainland. And to incite Chinese officials who visit or work here to defect, according to some leftwingers.

A case in point is that of Mr Wu Yalun -- the junior Chinese trade official who injured himself last month in a bid to seek political asylum. He later changed his mind and returned to China.

A pro-Beijing magazine, THE MIRROR, in its latest issue said Taiwan had stepped up its efforts to infiltrate Hong Kong and incite mainland Chinese officials to defect. The magazine said that Taiwan is trying to provoke Beijing into changing its policies towards Hong Kong, and to sabotage the harmonious relations between the territory and the mainland.

The MIRROR article was written by Kuo Sing-fai, who reflects the more hawkish views of local leftwing circles.

The article even hinted that the Hong Kong Government had "given certain latitude" to rightwing people in their bid to have Mr Wu defect. The article alleged that members of the China Medicine and Health Products Import and Export Corp'n delegation were barred from visiting Mr Wu in hospital. Mr Wu was a member of the delegation. However, it said, Taiwan supporters were allowed to visit Mr Wu to deliver a bouquet of flowers and leave a contact number.

The article also said a conversation between a senior official from the Hong Kong branch of the NEW CHINA NEWS AGENCY and Mr Wu in the ward was interrupted by a "psychiatrist." It said Mr Wu could not telephone that official later, but instead a Special Branch officer made the call on his behalf. However, Mr Wu could make a personal call to a Taiwan supporter.

The Wu incident alone showed Taiwan's increased activities here, the article said.

The allegations contained in the article, some of which have been contradicted, nevertheless reflects the bitterness of the Chinese over the government's handling of the case.

Chinese officials see the participation of Taiwan-affiliated people in Hong Kong's representative bodies as a measure they will not cause trouble. But they are concerned that rightwing people are working to form a united front against communism.

Taipei's support for opinion that favours "independence" for Hong Kong has also caused concern. However, rightwing sources yesterday denied that Taiwan was trying to sabotage relations between Hong Kong and the mainland. "We just want Hong Kong to preserve its freedom and democracy, which have contributed to its prosperity and stability," one said. This point was made very clear when Mr Eddie Tseng, board chairman of the Taiwan-supported Hong Kong TIMES said at a Double Tenth reception that rightwing people noted with satisfaction the political reforms carried out by the Hong Kong Government to safeguard the rights of 5.5 million people.

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